AFRICA RECOVERY

United Nations Department of Public Information Vol. 14 No. 1 April 2000

US leads high-profile focus on Africa

Security Council hesitates over Congo, doubles UN peacekeepers in Sierra Leone

AP Peter Bouckaert

Rebel troops in Kisangani, Democratic Republic of Congo: debate on the continuing conflict in DRC was the centrepiece of the UN Security Council's 'Month of Africa.'

By ***Michael Fleshman***

After months of hesitation and increasingly angry African charges of a double standard in its handling of conflict in Africa, the UN Security Council on 24 February unanimously authorized the deployment of a peacekeeping force in the Democratic Republic of Congo (DRC). This action, taken to help bring an end to the bloody conflict, was termed a "litmus test" of the Council's commitment to peacekeeping in Africa by South African Ambassador Dumisani Kumalo. It was also the most important result of a publicity-conscious Security Council "Month of Africa" initiated by the US in January.

But the small size of the mission — no more than 5,537 military and civilian personnel in a country the size of western Europe — and its limited mandate have led some people to suggest that the international community is getting very late to its African peacekeeping obligations, and arriving with too little, if it arrives at all. New offensives in March by both government and rebel troops, the latest in a string of cease-fire violations, threw fresh doubt on how soon a deployment of the UN force could occur.

Speaking in his capacity as Security Council President, Ambassador Anwaral Chowdhury of Bangladesh told reporters on 22 March that the Council demanded an immediate halt to the fighting and was "deeply concerned" by evidence that the parties were re-equipping their forces for continued combat. He cautioned that UN troops would be deployed only if the cease-fire were respected. Chowdhury's message was bluntly reinforced in Washington the following day when US State Department spokesman James Rubin called for an end to the cease-fire violations. Without this, he said, "the US believes it will be impossible to deploy UN...peacekeepers."

In early April, military representatives of the belligerents met in Kampala and agreed to halt the fighting and establish a 30-km buffer zone between their forces to prevent future violations. Whether or not this agreement will hold where others have failed remains to be seen, but senior UN officials will closely monitor compliance with the cease-fire during the five months it will take to organize deployment of a peacekeeping force in the DRC.

Africa focus

The "Month of Africa" began on 10 January 2000, the first Security Council meeting of the new millennium, with an unprecedented debate on the HIV/AIDS epidemic ravaging East and Southern Africa in particular. The January agenda included the strained peace agreement in Sierra Leone, the continuing civil war in Angola and the plight of refugees and internally displaced people. The Council also heard the newly-appointed mediator in the civil war in Burundi, former South African President Nelson Mandela, outline his peacemaking strategy.

The "Month of Africa," was initiated by US Ambassador Richard Holbrooke when the US assumed the monthly, rotating Security Council presidency. During the UK's presidency in December, there was a less well-publicized Security Council focus on Africa that included a meeting on Sierra Leone. This paved the way for the Council to authorize on 7 February 2000 the doubling of the UN peacekeeping presence there. The Security Council also held an "interactive" meeting on conflicts in Africa on 15 December addressed by over 50 speakers.

Security Council debates on African conflicts are scarcely unusual: in recent years

turn to page 19

SPECIAL REPORT

Privatization shifts gears in Africa

pages 8-17

AFRICA RECOVERY

United Nations
Vol. 14 No. 1 April 2000

Cover Stories

AP

Security Council hesitates over Congo, doubles UN peacekeepers in Sierra Leone

1

Limited UN mandate in the DRC 19
Key provisions of the Lusaka cease-fire agreement 19
Interview with Zambian President Frederick Chiluba 22

Special Report: Privatization shifts gears in Africa

pages 8-17

Cotton: breaking up an 'integrated' sector? 10

Burkina: privatization's rocky road 12

UN / Milton Grant

Mozambique 14
Senegal 15
Zambia 17

Also in this Issue

Trade climate warms at UNCTAD X 3
EU and ACP agree on post-Lomé package 5
New conditions slow debt relief 6
African women prepare for Beijing+5 18
12 critical concerns of the Platform for Action 18
Global partnership against AIDS in Africa 24

Departments

Agenda 26
Books 26
Briefs 27
Watch 28

Africa Recovery is published in English and French by the Library and Publications Division of the United Nations Department of Public Information, with support from UNDP. Its contents do not necessarily reflect the views of the United Nations or UNDP. Material from this newsletter may be freely reproduced, with attribution, and a clipping would be appreciated.

Correspondence should be addressed to:
The Editor, Africa Recovery
Room S-931, United Nations, New York 10017 USA
Tel: (212) 963-6857 Fax: (212) 963-4556
e-mail: africa_recovery@un.org

Subscribe to *Africa Recovery*

Annual subscriptions are available to individuals for $20 and to institutions for $35. Please send an international money order or make cheques payable in US dollars, drawn on a US bank, to the "Africa Recovery Trust Fund" and send to Circulation at the address shown above. For those who lack the means to pay the subscription fee, a limited number of complimentary subscriptions are available. Please send a clearly written application to the editor.

Africa Recovery is printed on recycled paper.

Editor-in-Chief
Julie Thompson

Managing Editor
Nii K. Bentsi-Enchill

Editor
Ernest Harsch

Editorial Assistant
Frehiwot Bekele

Writer
Michael Fleshman

Production
Parvati McPheeters

Secretary
Alice Wairimu Kanuki

Distribution
Adria Markman

Our internet address:
www.un.org/ecosocdev/geninfo/afrec

Trade climate warms at UNCTAD X

African countries see gains in negotiating positions on LDCs, agriculture, development

By ***Tim Wall***
Bangkok

In contrast to the troubles that marked the December 1999 meeting of the World Trade Organization (WTO) in Seattle, African and other developing countries enjoyed a more amenable atmosphere for discussions with industrialized countries and international agencies during the tenth global meeting of the UN Conference on Trade and Development (UNCTAD X), held in Bangkok from 12 to 19 February.

The first major UN conference of the new millennium, the Bangkok meeting came after the spectacular collapse in Seattle in December 1999 of the WTO's effort to launch a new round of global trade negotiations. The Seattle meeting foundered on trade disputes between developed countries and demands by developing countries for greater transparency. "After Seattle we desperately need a 'world parliament on globalization,'" said UNCTAD Secretary-General Rubens Ricupero. "Bangkok is the best opportunity at hand for that purpose."

UNCTAD is uniquely suited for open debate, he explained, because the organization, unlike the WTO, does not set rules on trade or investment, has no enforcement authority and does not resolve disputes involving the national interests of its members. This affords governments the opportunity to discuss the issues that have deadlocked the WTO in "a more relaxed and congenial atmosphere" free from the pressure of negotiating binding agreements. The 52-page plan of action adopted at UNCTAD X is not intended to form the basis for a future round of talks at the WTO. It serves instead as a sort of compendium of current debates on global trade, finance, debt and investment issues.

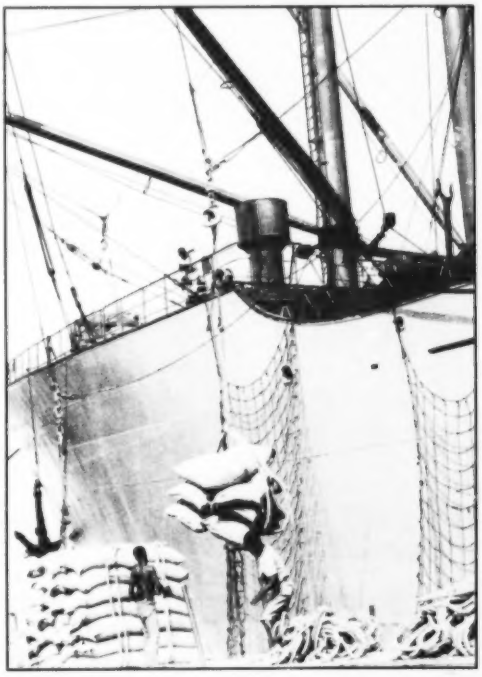
'Explosive' poverty

Addressing the opening plenary, UN Secretary-General Kofi Annan defended trade liberalization in principle, but questioned its practice. "Is globalization an enemy of development, in this broad sense? Surely not....The main losers in today's very unequal world are not those who are too much exposed to globalization. They are those who have been left out....It is that exclusion," he told delegates, "which should be of particular concern to the conference."

Mr. Annan's concerns were strongly echoed by the departing head of the International Monetary Fund (IMF), Mr. Michel Camdessus. In a speech delivered one day before his retirement, Mr. Camdessus decried the widening gap between rich and poor countries as "economically wasteful" and "socially explosive." He called donor fatigue a "poor excuse" for falling aid levels and asserted that the US-led establishment of a "Group of 20" countries for consultation on international financial questions does not sufficiently accommodate the views of developing countries.

Listening to the speech were many of the most ardent government and non-governmental critics of the IMF's structural adjustment policies in Africa in the 1980s and 1990s and of its handling of the Asian financial crises in 1997-98. The reactions to Mr. Camdessus were varied. Just before he got to the podium to make his speech, a US political activist thrust a pie in his face. Several people observed that the policy directions indicated in the speech should have been voiced earlier in Mr. Camdessus' tenure.

No region has been as marginalized in the world economy as sub-Saharan Africa, which has seen its share of world trade slip to just 2.1 per cent in 1998, and where, according to the World Bank, the number of people living on less than a dollar a day rose from 220 million in 1987 to 290 million a decade later. In his address at Bangkok, Algerian President Abdelaziz Bouteflika, speaking as the President of the Organization of African Unity, painted a bleak picture of Africa's economic prospects: "A new map of the world is being drawn up, and an entire continent — Africa — is purely and simply being rubbed out."



Ghana Information Services Department

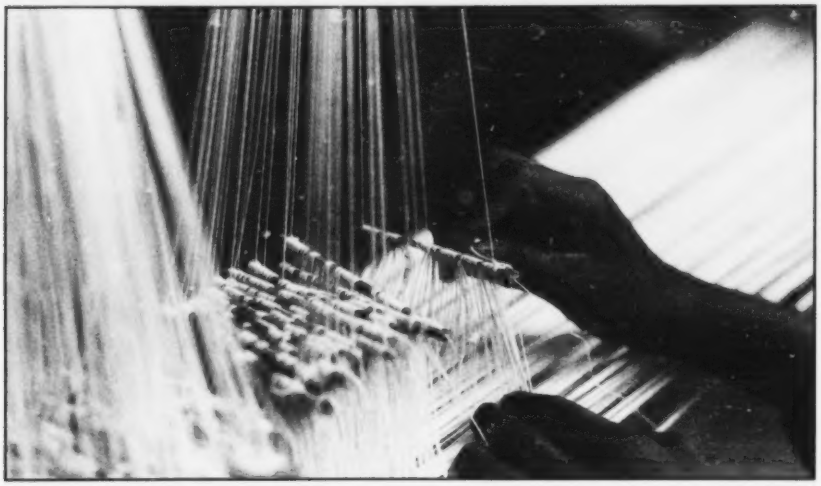
Cocoa beans for export: Africa's share of world trade is just 2.1 per cent.

Proposals on LDCs

Instructed by his own intergovernmental board to patch up strong differences evident in Seattle between the industrialized and developing countries, WTO Director-General Mike Moore arrived in Bangkok with a four-part package of proposals designed to assuage the South. He told the conference that development is a major concern of the WTO's post-Seattle work programme. He called for duty- and quota-free access to Northern markets for all exports from the world's 48 least developed countries (LDCs) — 33 of which are African. He urged industrialized countries to fund technical assistance to help developing countries implement agreements made in the Uruguay Round of trade talks, which concluded in 1995 with the formation of the WTO. The current WTO technical assistance budget is less than $1 mn.

The third element of the package provides for an extension of transition periods to enable developing countries to implement the liberalized trade measures contained in the Uruguay Round rules governing world trade. Many of these "special and preferential" provisions expired in December 1999 and probably would have been extended in Seattle if not for the failure of the talks. Finally, Mr. Moore pledged greater transparency in WTO operations.

In the event, cautious industrialized country delegations to UNCTAD X would only go as far as to agree in the plan of action to a "possible commitment" to free access for "essentially all"



The least developed countries face tariff barriers to their processed exports such as textiles.

exports from the LDCs. European delegates explained that "essentially all" was meant to refer to 99 per cent of LDC products, while cynics noted that the missing 1 per cent inevitably would include exports from strategically important sectors such as textiles and agriculture that are sheltered from competition by powerful domestic constituencies.

This tentative commitment was made in a forum to which neither the European Union nor the US sent senior trade officials. In remarks prepared for the conference, the head of the US delegation, Ambassador Harriet Babbit, Deputy Administrator of the US Agency for International Development, made clear US opposition to a strengthened UNCTAD role in international trade: "An operational role for UNCTAD in trade negotiations would involve a confusion of institutional roles and a diversion of limited resources for which UNCTAD is not the best-suited organization."

Positive results

Even so, Moroccan foreign minister Mohamed Benaissa, speaking as chairman of the ministerial committee of the Group of 77 developing countries, applauded the final communiqué of the UNCTAD X conference, the Bangkok Declaration, as a significant rebound from Seattle. The declaration emphasized the importance of integrating the development needs of poor countries into global trade and finance policy.

Ethiopian trade minister Kassahun Ayele welcomed a reference in the plan of action to "possible harmful effects" on the export opportunities of developing countries of an estimated $350 bn in agricultural subsidies paid to farmers in developed countries. The current Ethiopian development strategy is "agriculture-led," Mr. Ayele said. But Ethiopian farmers competing for overseas markets have enough difficulty overcoming the lower transportation costs and superior technology of their European and North American rivals, without also having to beat subsidized prices.

Non-governmental organizations (NGOs) maintained a vigorous presence in Bangkok, both in the streets and as participants in the proceedings. In contrast to Seattle, demonstrations were orderly, a function of the large-scale deployment of Thai security forces, integration of NGOs into the UNCTAD X programme and the longstanding working relationship between UNCTAD and civil society representatives.

A declaration adopted by some 120 NGOs after a 7-8 February caucus in Bangkok was harshly critical of the WTO, IMF, and the World Bank, and called for a greater UNCTAD role in the design and management of the world economy. The NGOs called for the creation of a new global mechanism accountable to civil society, for cancellation of the debt of developing countries and for the inclusion of labour standards in international trade agreements. The statement also challenged UNCTAD to abandon its support for trade liberalization as a mechanism for development. Instead of understanding its role as a champion of "the South" against "the North," the NGOs declared, "UNCTAD must see itself as representing the interests of marginalized people in both the North and the South." ■

'Africa cannot afford to stand back and watch'

South African trade minister Alec Erwin spoke with Africa Recovery on 15 February at the Queen Sirikit Conference Centre in Bangkok. Mr. Erwin was president of UNCTAD IX, held in his country in 1996.

Does it look as if the LDCs finally will be granted free market access for their exports?
There's a pretty much irreversible momentum in that direction — Japan, for instance, is added to the countries speaking forcefully in favour. But the devil is in the details. Terms like "essentially all products" keep coming up, which would allow quotas or tariffs on certain items. Access for textiles is the crucial question.

How is Africa faring at UNCTAD X?
The balanced, considered approach to globalization that is prevailing here can only help Africa. So also does the opportunity for countries to speak out on issues related to the WTO.

What are the possibilities for opening up the WTO negotiations to greater African input?
The WTO talks in Seattle actually were not as exclusionary as popularly believed. There were five African countries involved in the "green room" process — South Africa, Tunisia, Morocco, Ghana, Lesotho and Mauritius — along with many of the major developing countries, such as Indonesia and Brazil. At the end of the day, countries with 70 per cent or more of the population in the developing countries were represented...

UNCTAD played a strong role in helping with preparations — our country and UNCTAD co-hosted two continent-wide conferences and one regional. Up until the point of collapse in Seattle, developing countries had a much greater impact than in previous WTO talks, and good negotiating progress was being made.

How do you assess the position of countries — many of them African — that are reluctant to enter new trade talks until the preceding Uruguay Round agreements are sorted out, and commitments honoured?
Their arguments are understandable, and tensions on this issue ran high during preparation for Seattle. But standing still is not an option. The problem is that the world trading system doesn't emanate from the WTO; the WTO emanates from the trading system. Definitely, more effort needs to be put into catching up, but in the meantime, we can't afford just to stand back and watch things happen.

EU and ACP agree on post-Lomé package

'Fiji Convention,' due for signature in May, covers 20-year period

After 17 months of sometimes difficult negotiations, the European Union (EU) and the 71-member African, Caribbean and Pacific (ACP) group reached agreement in early February on a 20-year trade and aid treaty to succeed the expiring Lomé IV pact. The majority of ACP countries — 48 — are African. The new accord includes a development assistance package worth nearly $15 bn over seven years and the phasing out of preferential EU tariffs on ACP exports. Such preferences are deemed incompatible with World Trade Organization (WTO) rules. The agreement is scheduled for signature in Fiji in late May.

The "Fiji Convention" differs markedly from its predecessors in two key respects. The first is its emphasis on political issues. The Fiji pact elevates "good governance" and the fight against corruption to core principles of the agreement. It also requires greater ACP cooperation on the repatriation of illegal ACP immigrants to the EU. The second important change concerns the phasing out of non-reciprocal trade preferences for ACP goods entering EU markets by 2008 and their replacement by WTO-compliant regional trade agreements. The regional agreements are also intended to assist economic integration by requiring the lowering of trade barriers between ACP countries.

The loss of preferential access to European markets is potentially very serious for ACP countries; their trade with the EU was already in decline in recent years despite the favourable Lomé provisions. In response, the EU promises faster and more flexible assistance to ACP countries hurt by the loss of markets under the new agreement. It agreed to permit duty-free access by 2005 of "substantially all" imports from the 39 ACP members classified as least developed countries. The EU also agreed to a fundamental overhaul of its compensation mechanisms for shortfalls in export prices.

An increase in development aid is intended to ease the transition to WTO rules. The Fiji Convention sets base funding for the first five years of the agreement at $13 bn — up from the $12.4 bn authorized under Lomé IV. An additional $1.6 bn will be made available as loans through the European Investment Bank. Some $9.7 bn in unspent aid from previous Lomé agreements will also be available. The parties will revisit the aid package in 2007 and assess its impact. EU development minister Poul Neilsen hailed the accord as "the biggest financial and political framework for cooperation between North and South in the world."

EU pact with South Africa

South Africa and the EU also initialed a major trade deal in the new year, concluding a sweeping bilateral agreement that liberalizes some $20 bn worth of annual EU-South Africa trade. The deal nearly came apart in January when Italy and Greece refused to ratify it due to a revived dispute with South Africa over liquor labels. The last-minute hurdle consisted of the demand by the two wine-producing European countries that South Africa should stop using the trademark names "grappa" and "ouzo" for two of its beverage exports. The issue prompted South African President Thabo Mbeki to accuse the EU of "bad-faith negotiations" at the World Economic Forum in Davos, Switzerland, on 31 January. It took an exchange of letters between Mr. Mbeki and the heads of the European Commission to resolve the issue.

The EU-South Africa deal, which also includes agreements on development aid and governance issues, commits the EU to removing barriers to 99 per cent of South Africa's industrial exports and 75 per cent of its agricultural exports over 10 years. South Africa is to reciprocate over 12 years on about 86 per cent of EU exports.

WTO talks begin

At WTO headquarters in Geneva, meanwhile, negotiations on the "built-in" agenda of trade in services opened in mid-February, followed a month later by the beginning of negotiations on the other built-in agenda item, agriculture. This was the first good news for the trade body since its disastrous December 1999 ministerial meeting in Seattle, which failed to launch a new round of trade liberalization talks and highlighted bitter disputes between its members.

WTO Director-General Mike Moore put the best possible face on the talks, declaring that, "The WTO is back on track and in business."

Tea pickers in Tanzania: ACP countries could face further decline in their trade with Europe.

UN / B Wall

The talks on trade and agriculture, however, were mandated long before Seattle and are more a sign of continued deadlock among the major trading nations than a sign of emerging agreement. Despite months of post-Seattle shuttle diplomacy by Mr. Moore to patch up the battered consensus in favor of trade liberalization, the industrialized countries remain sharply divided over industrial protectionism and agricultural subsidies. European diplomats say privately that domestic political considerations make it impossible to make progress in trade negotiations until after the US presidential election in November.

Developing countries in the WTO continue to demand a greater share of the benefits of free trade and a more explicit link between globalization and development. ■

New conditions slow debt relief

Up to 10 African countries could be considered for HIPC agreements this year

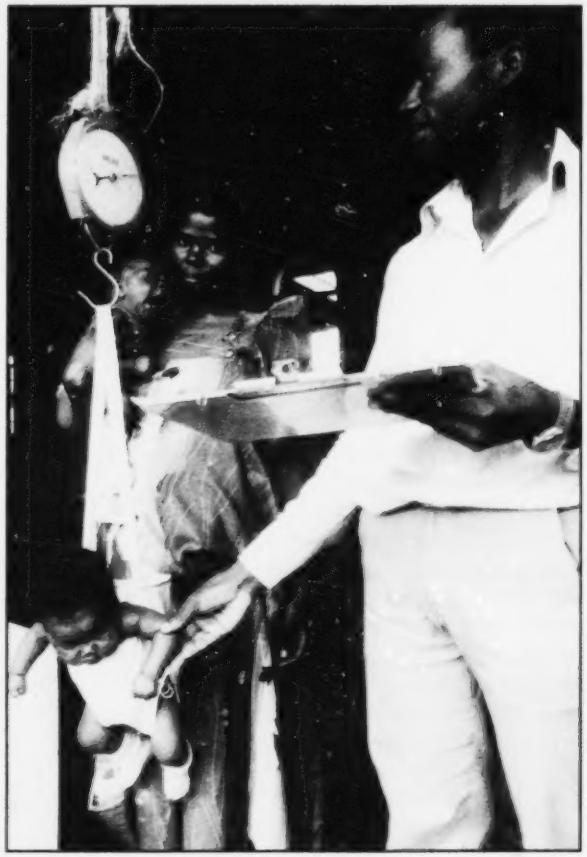
By **Christina Katsouris**

In February 2000, Bolivia and Uganda became the first countries to qualify for debt reduction under an improved package for the world's most heavily indebted poor countries (HIPCs). Also in February, the World Bank and International Monetary Fund (IMF) approved a deal for Mauritania, promising debt relief once it reaches the macroeconomic targets. It must also draw up an approved poverty reduction strategy paper (PRSP). This is a key condition of the enhanced HIPC terms. In a related development, the United Kingdom and Germany confirmed their intention to write off 100 per cent of the export credit debts of countries that complete their HIPC programmes (see box, page 7).

Launched in 1996 by the IMF and World Bank, the original initiative (HIPC-1) aimed to reduce to "sustainable" levels the external debts of the world's poorest countries. Of the 41 countries initially listed by the IMF and World Bank as candidates for the deal, 33 were African. In 1998, Uganda and Bolivia became the first countries to qualify for full HIPC treatment involving actual debt reduction. With only five other countries signed on for HIPC treatment as the new millennium approached, the Group of Eight major creditor countries agreed in June 1999 to enable faster qualification by more countries for more substantial debt relief.

This followed an increasingly vigorous international campaign in favour of debt cancellation led by Jubilee 2000, a coalition of non-governmental organizations and prominent individuals. It contrasted the largely "unrepayable debts" with the often desperate social and economic conditions in these countries.

Finance ministers of the major creditors agreed on an enhanced HIPC package (HIPC-2) in September 1999 which relaxed the strict criteria for eligibility and made a clearer link between debt relief and poverty reduction. The PRSP is a central condition for securing debt relief under HIPC-2. It aims for more effective coordination of debt relief, creditor aid and approved changes in national economic and poverty reduction policies. Some also regard the PRSP as a mechanism to democratize this process because creditors require civil society to participate with governments in formulating the PRSPs.



The heavily indebted poor countries often spend more on external debt payments than on health or education.

HIPC's changing criteria

	HIPC-1	HIPC-2
Debt* sustainability ratios		
debt/exports	200-250%	150%
debt/revenues	280%	250%
GDP-related ratios		
exports/GDP	40%	30%
revenues/GDP	20%	15%
Time until actual relief	6 years	uncertain**

* *Measured in "net present value" terms (the discounted market value of debt if repaid in one lump sum)*

** *Conditions now include drawing up a poverty reduction strategy paper with civil society participation, having it endorsed by the IMF and World Bank and then implementing it over an approved period of time.*

Source: UN Africa Recovery from IMF, World Bank

Delay factor

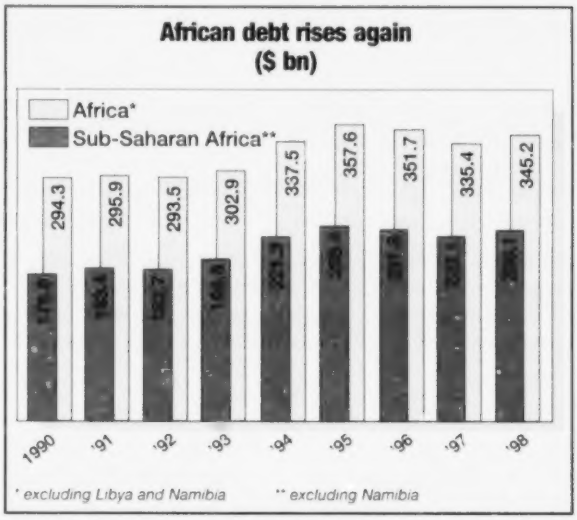
Jubilee 2000 has welcomed this link and the participatory process. However, it observes that the creditors' list of actual or potential HIPCs is now down to 24 countries and that the new PRSP criterion "appears to have delayed further the delivery of debt relief."

In the case of Uganda, the terms it got under HIPC-1 are bringing it $374 mn in debt relief. Under HIPC-2 terms, Uganda stands to gain additional debt relief of $700 mn in net present value (NPV, the discounted market value of debt if repaid in one lump sum). Over the next 38 years, the IMF calculates, the deal will cut Uganda's debt-service payments by $2 bn in nominal terms, or $1 bn in NPV terms. However, the gains from HIPC-2 will start to take effect only after Uganda has finalized its PRSP and has had it endorsed by the Bank and IMF, perhaps in May.

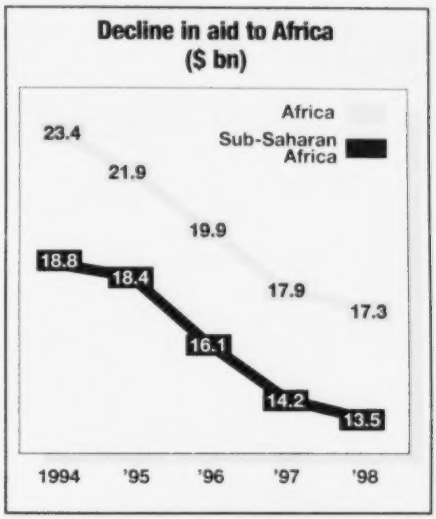
Bilateral creditors will provide half of Uganda's relief under HIPC's burden-sharing rules. The World Bank will write off some $357 mn through its soft-loan arm, the International Development Association (IDA), and IMF relief will total $91 mn, all in NPV terms. Other multilateral institutions will account for most of the balance, with the African Development Bank's portion of Uganda's package funded by bilateral creditors through the HIPC Trust Fund. The Trust Fund is the mechanism through

which governments will supplement or cover the outlays of poorer multilateral institutions unable to provide their share of relief.

In Mauritania's case, while it qualifies for some immediate reduction in debt-service payments under HIPC-2 guidelines, it will get actual reduction of debt stock only when it reaches certain macroeconomic targets, draws up a satisfactory PRSP and implements this for one year. Mauritania qualified due to severe fiscal stress — in 1998, its ratio of external debt to government revenue was 363 per cent and its debt-to-export ratio around 266 per cent. The deal will reduce Mauritania's debt by $622 mn in NPV, or about 40 per cent of its total debt at the end of 1998. Debt-service payments could also fall by $1.1 bn in nominal terms over the next 40 years, and around $36 mn annually in the first 10 years.



Source: *UN Africa Recovery* from Global Development Finance, 2000, *World Bank*



Source: *UN Africa Recovery* from OECD

Despite delays in securing a $600 mn US contribution to HIPC-2, prospects for implementing the new package appear slightly better than before. Other creditors, who have the right to withdraw funds and pledges if the US fails to pay its share, remain committed. Most also expect that the US Congress — which refused to authorize the Clinton government's request for HIPC funding late last year — will approve the funds towards the end of this year, World Bank sources told *Africa Recovery*. Signaling this confidence, the Bank, which oversees the HIPC Trust Fund, has retained the US pledge on its list.

New pledges needed

HIPC-2 guidelines require creditors to commit their debt relief in full when countries reach "decision point" (when a country qualifies for a timetable of policy monitoring), and also to lower the debt-service payments due between decision point and "completion point" (when actual debt reduction begins).

The IMF and World Bank appear confident that creditors are ready for any African countries that may reach decision or completion point this year. However, they do not rule out longer-term difficulties if new pledges are not forthcoming. For now, it appears unlikely that many on the 24-country list will progress to the point of needing debt-relief commitments this year. The IMF acknowledges that cases have fallen behind even the most recent schedule. Also, the PRSPs could take quite some time to draw up, given the extensive work required to consult and involve local civil society.

Published in December, the latest available schedule showed pre-flood Mozambique approaching its HIPC-2 decision point in June 2000. The IMF expected decisions before April on newly qualified Tanzania and on Benin and Senegal, which failed to qualify under the tougher HIPC-1 criteria but could qualify under HIPC-2. Countries due to reach decision point between April and June include Burkina Faso, Mali and Côte d'Ivoire. Like Uganda, they qualified for HIPC-1 relief and qualify for additional relief calculated on HIPC-2 criteria. Cameroon and Guinea-Bissau could in turn reach decision point before July. However, the December 1999 coup d'état in Côte d'Ivoire and the only recently ended conflict in Guinea-Bissau suggest delays. ■

UK and Germany to write off HIPC trade debts

In late December, the UK, which already writes off the development aid debt of least developed countries, confirmed plans to cancel all the trade debts owed to it by countries completing HIPC programmes. These debts arise from trade credits insured by the UK government's Export Credits Guarantee Department (ECGD) and could be converted into grants.

The debts amount to around $3 bn, according to ECGD calculations. This includes $2.5 bn of debt incurred before the cut-off date (when a country had its first rescheduling of bilateral debt by the Paris Club) and some $475 mn in post-cut-off-date debt incurred by 31 December 1999.

UK officials estimate that write-offs would be around $1 bn. However, it is not clear whether or not this amount includes Ghana, which alone accounts for some $396 mn of the post-cut-off-date debt. Ghana declined consideration for HIPC treatment because, some say, it would otherwise have to forego new aid from Japan, its biggest aid provider.

Germany's plan, announced in January by development minister Heidemarie Wieczorek-Zeul, also includes writing off trade and aid credits for the world's 30 poorest countries, including borrowers graduating through the HIPC process. German officials say their plan will cancel debt worth some $5 bn. Germany's total claims on the poorest countries are estimated at $6.1 bn.

State of the HIPC Trust Fund

So far donors have allocated $326 mn, led by the Netherlands, which has put up more than $100 mn and earmarked a further $88 mn. Current pledges total $1.6 bn, from the European Union (over $700 mn), the US ($600 mn), the UK ($200 mn), Germany ($80 mn) and Italy ($70 mn). Canada has also made a formal pledge, but has yet to state the amount. The World Bank says several other countries have informally indicated that they intend to contribute to the Trust Fund but have yet to make formal commitments.

PRIVATIZATION

Privatization shifts gears in Africa

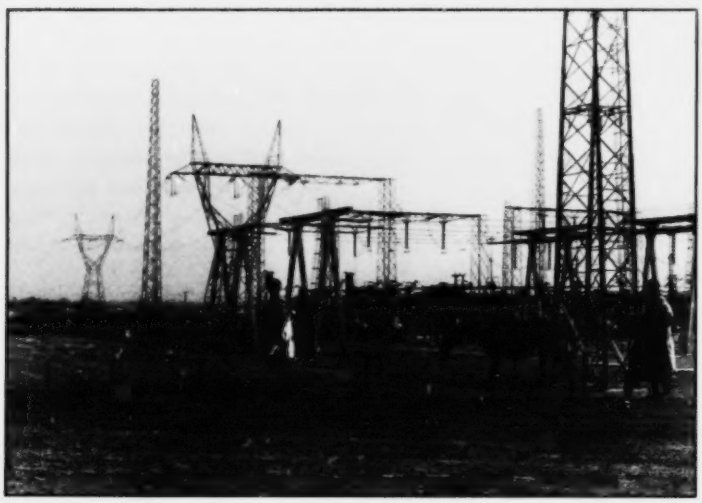
More concern for public acceptance and development impact but problems remain

Over the past decade, African governments, often under pressure from creditor institutions to act quickly, have sold off thousands of state-owned enterprises. According to the proponents of privatization, the goal is to cut waste, improve economic efficiency, stimulate the private sector and mobilize more foreign and domestic investment. However, the process has been fraught with problems and controversy, causing governments to proceed more carefully.

By ***Ernest Harsch***

Nigerian President Olusegun Obasanjo announced a new privatization programme in July 1999 shortly after becoming that country's first elected head of state in 15 years. He was scathing in his criticisms of Nigeria's large public sector, where some of the more than 1,000 state-owned enterprises have been losing millions of dollars annually. "State enterprises," he declared, "suffer from fundamental problems of defective capital structure, excessive bureaucratic control or intervention, inappropriate technology, gross incompetence and mismanagement, blatant corruption and crippling complacency."

A three-phase programme would be carried out, Mr. Obasanjo revealed, under a new high-level National Council on Privatization chaired by Vice-President Abubakar Atiku. First to be sold will be the remaining government shares in 11 firms already listed on the stock exchange. Then hotels and vehicle assembly plants will be privatized. Finally, in the third phase, to begin in 2001, the government will sell the electricity and telecommunications utilities, national airline, four oil refineries and a fertilizer company. Although some of these are among the biggest public enterprises in the country, the programme itself is not as sweeping — or as controversial — as a privatization plan announced by the previous military regime just before it left office. Nigeria should privatize carefully and not be rushed, President Obasanjo emphasized. Nor, he added, should it privatize simply to please the International Monetary Fund (IMF) and World Bank, but to stimulate economic recovery.



Nigeria's national electricity sector is slated for privatization in 2001.

A similar approach to privatization is becoming increasingly evident across Africa. For years, African governments relied on large public sectors to stimulate economic development — often because of the extreme weakness of indigenous private business during the immediate post-independence era — but with the intensified push for economic liberalization by the IMF, World Bank and other creditor institutions, more and more African leaders are agreeing to privatize. This, they are told, will help cut public sector inefficiency and waste, provide greater scope to the private sector, attract more investment, bring in new technology and revive economic growth. At the same time, some governments want to proceed in a measured way, avoiding if possible the pitfalls, conflicts and setbacks that marked many of the privatizations carried out in the late 1980s and early 1990s.

Controversy and risk

Privatization in Africa remains highly controversial and politically risky. There have been numerous strikes against proposed sell-offs of state enterprises as unions fear lost jobs or reduced benefits. Student activists, academics and others have condemned both the theory and practice of privatization. Some indigenous business groups have criticized the prominent role of foreign companies in the privatization process. Even high-level government officials, such as Gabonese Interior Minister Louis Gaston Mayila, have denounced privatization as a form of "economic recolonization." In a few countries, opposition to privatization has been cited as one factor in the ouster of incumbent governments, either through election or military coup.

Until recently, African governments did little to counter such public views, even as the direct economic benefits of privatization were minimal or not very evident. Privatization attracted limited amounts of new investment, frequently failed to foster a genuine competition and had few linkages to any broader developmental goals. The secrecy with which many sales were concluded also tended to foster a public perception that privatization mainly benefited foreign investors or local entrepreneurs with political connections.

While acknowledging some of these shortcomings, Mr. Oliver

Campbell White, a senior public enterprise specialist at the World Bank, argues that "by and large, privatization has been really a great success. Unfortunately, people don't know enough about it." Overall, he told *Africa Recovery*, privatization has strengthened public finances by reducing the huge subsidies that governments often had to sink into loss-making enterprises. Some enterprises, once privatized, have subsequently gone out of business, Mr. Campbell White conceded. "If they are subject to open competition, it is conceivable that some will fail. There's no guarantee." Many others, he added, have increased their efficiency, expanded operations and hired new workers.

There is still much room for improvement, analysts argue. In recent years, African governments and international institutions such as the World Bank have focused on a number of key privatization issues in an effort to reduce the problems and increase the benefits. So far, they have met with only partial success. These issues include:

- Minimizing job losses
- Paying greater attention to social and political concerns
- Encouraging prospective buyers to outline future investment plans
- Linking privatization programmes with broader development and private-sector promotion strategies
- Broadening company ownership to include employees and the general public
- Ensuring better follow-up and monitoring, and
- Implementing transactions in a more open, transparent manner, with greater involvement by unions and other concerned parties

The last point is particularly important, according to a 1999 working paper of the UN Economic Commission for Africa (ECA).* Emphasizing that achieving broader national consensus is vital, it states that "a participatory approach to privatization by providing public information and encouraging debate is the best way to secure consensus."

Telecommunications privatization

Country	Year	Sales ($ mn)	Share sold (%)
Cape Verde	1995	20	89
Guinea	1995	45	60
Ghana	1996	38	30
Côte d'Ivoire	1997	210	51
South Africa	1997	1,260	30
Senegal	1997	191	60

Source: International Telecommunication Union, Economist Intelligence Unit, World Bank.

A continent-wide trend

Such shifts in approach become all the more important as the pace of privatization picks up across the African continent. Although some African countries began modest privatization programmes in the 1980s, it was not until the 1990s that the numbers increased significantly. A 1998 World Bank study, *Privatization in Africa* (written by Mr. Campbell White and Ms. Anita Bhatia), reported that nearly 2,700 privatization transactions had taken place in sub-Saharan Africa by the end of 1996. In the three years since then, there have been hundreds more.

Hardly any African country does not now have some kind of privatization programme. Even such countries as Liberia and Sierra Leone, which have been devastated by war, have either begun to privatize some enterprises or plan to when security conditions improve. Rwanda, still trying to recover from the genocide of 1994, has a very active privatization programme. It finalized 11 sales in a three-month period in 1998 alone. Namibia is one of the very few with no plans to privatize, largely because its state enterprises are generally operating at a profit.

In the first half of the 1990s, many of the public enterprises divested in Africa were small- or medium-sized, yielding large numbers of privatized enterprises but only modest revenues. Mozambique, with 548, had the greatest number of privatizations up to 1996 but the average value of the transactions was just $300,000. In contrast, Zimbabwe sold only four enterprises in that period, but those sales brought in an average of $6.3 mn each.

From 1996-97, African privatization programmes shifted to larger and more attractive state-owned enterprises such as national airlines, banks, shipping companies, public utilities and telecommunications enterprises. As a result, revenues rose significantly. According to World Bank data, the total sales value of all enterprises privatized in sub-Saharan Africa from 1988 to 1996 reached just over $2.7 bn. This was nearly matched in 1997 alone, when new privatizations brought in a total of $2.3 bn. In addition, the governments of Egypt, Morocco and Tunisia earned $2.4 bn from privatizations in 1997, compared with $3.3 bn in 1995-96 and just $1.2 bn over the five-year period 1990-94 (see graphs, page 11).

Telecommunications has become a particularly dynamic sector for privatization. Many African phone systems are antiquated and unable to reach more than a small minority of the population. African governments found that selling shares of their telecommunications enterprises to established foreign companies was an easy way to gain access to new technologies and investment resources to modernize and expand their systems. Between 1995 and 1997, portions of telecommunications enterprises in six sub-Saharan countries were sold for a total of more than $1.7 bn (see table) and the new owners or partners announced ambitious plans for additional investments. Eritrea, Cameroon, Gabon, Kenya, Mali, Mozambique, Niger and Nigeria are also now in the process of privatizing their telecommunications systems.

Because of privatization, the size of Africa's public sector has decreased markedly. The World Bank estimates that the number of state-owned enterprises in sub-Saharan Africa fell from 6,069 to

* *"Broadening Local Participation in Privatization of Public Assets in Africa," 1999, prepared for the ECA's Economic and Social Policy Division by Mr. Dawit Makonnen, a consultant.*

4,058 between 1990 and 1995, a 33 per cent reduction. Though smaller in size, the remaining public sector is generally in better financial health since many of the most inefficient and unprofitable firms were among those sold off or liquidated.

Côte d'Ivoire illustrates the shift away from state enterprises. With the sale of more than 50 state firms, the public sector's contribution to gross domestic product (GDP) declined from 9.5 per cent to 2.8 per cent between 1994 and 1997 and its share of formal employment fell from 22 per cent to 7 per cent over the same period. Meanwhile, the private sector has been strengthened. According to Mr. Jean-Claude Brou, head of Côte d'Ivoire's Privatization Committee, the privatized firms made new investments of CFA 330 bn francs ($600 mn) between 1994 and 1998, thereby "contributing to the strong growth registered by the Ivorian economy over the past four years."

Conditions and timetables

Much of the initial impetus for privatization in Africa came from creditor institutions, above all the IMF and World Bank, as part of their push for structural adjustment. By 1998, some 34 African countries had World Bank project or programme financing agreements that included privatizations and three-quarters of World Bank loans or credits were conditional, in part, on privatizing state enterprises.

Such conditions have provoked resentment from African governments and fed a popular public view that privatization is basically creditor-driven. Since some of the larger and better publicized cases of privatization involved sales to foreign companies — often from Britain, France, Portugal or Belgium — such external pressure also spurred accusations that privatization is in fact a form of "recolonization."

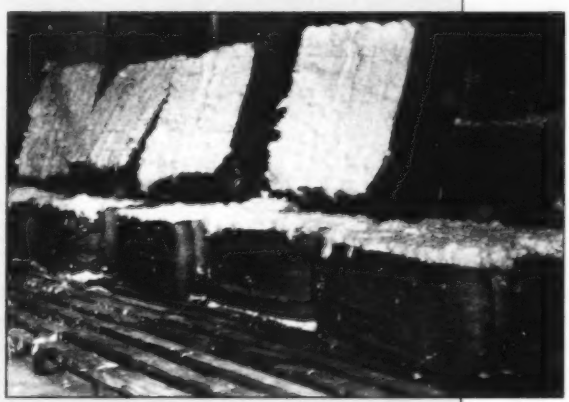
Governments have sometimes been undermined as a result. In 1996, Benin's President Nicéphore Soglo, a former World Bank official, lost his bid for re-election; political analysts attributed the defeat in part to his programme of rapid and sweeping privatization.

Beyond the political repercussions, the ill-prepared and hasty manner with which many of the early privatizations were carried out contributed to the economic and social difficulties that were encountered. "Donors have exerted pressure to privatize without sufficient information," the World Bank's 1998 study acknowledged. "Anxious to see speedy action and results, donors ... have spurred African governments into privatization without understanding the constraints or the resources and time needed to overcome them." In particular, a stress on numerical targets tended to put a higher priority on how many enterprises were privatized, rather than how well privatization was carried out.

Over time, some of the creditor institutions, including the World Bank, began to partially reassess their approach and exhibit a new degree of flexibility. In May 1996, the Senegalese government announced that it was rejecting all the offers to buy the state groundnut marketing and processing enterprise, Sonacos, since they were far below the company's estimated value. Some officials worried that the rejection would stir World Bank anger. Instead the Bank representative in Dakar, Mr. Cadman Atta

Cotton: breaking up an 'integrated' sector?

Throughout much of francophone West Africa, cotton is a major export crop, bringing in significant foreign exchange earnings and providing livelihoods for millions of small-scale farmers. From the days of French colonial rule, much of the cotton sector in these countries has been organized in an "integrated" manner. State enterprises provide farmers with seeds, credits and extension services. They buy and gin their crops and market the cotton abroad. In recent years, the World Bank and IMF, in line with their general push for privatization, have pressed governments to sell off or open up their cotton agencies to private participation.



Côte d'Ivoire sold portions of its cotton company in 1998 but most other countries have been very reluctant to privatize. Resistance has come from both governments and the Compagnie française pour le développement des fibres textiles (CFDT), a French state enterprise that owns significant minority shares in most of the francophone cotton agencies. Critics charge that the CFDT opposes privatization because it simply wants to preserve its semi-monopoly position.

However, both CFDT and government officials point to major economic and development considerations. As with other export crops, they worry that liberalization could lead to a decline in the quality of cotton exports. More significantly, in Burkina Faso, Central African Republic, Mali and elsewhere, cotton enterprises provide subsidized inputs and guaranteed markets for many rural farmers. They limit the impact of world market fluctuations on some of the poorest farmers.

Such protection could disappear if the sectors are broken up and privatized, notes Mr. Jean-Luc Lecorre, deputy director of the Africa Merchant Bank which manages investments in agro-industrial enterprises undergoing privatization. Liberalization of markets for fertilizers and other inputs could also bring a reduction in cotton yields if prices are raised higher than farmers can afford, he says. "For such a highly integrated sector, the risks of privatization are many." If privatization becomes necessary, he suggests that governments try to bring in established agro-industrial companies willing to make long-term investments as opposed to commercial enterprises simply after quick profits.

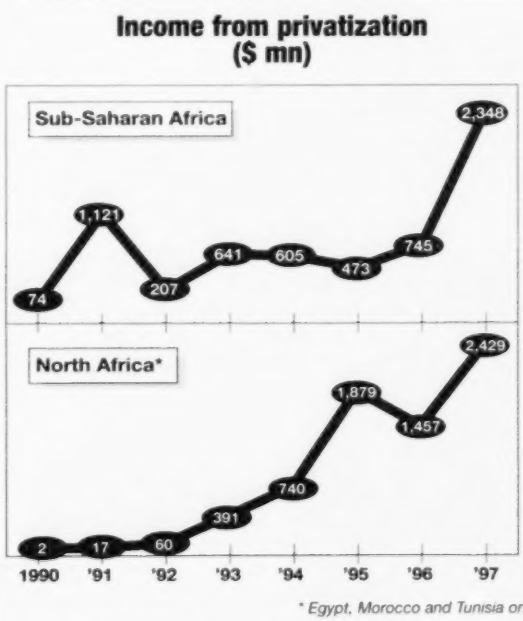
Another option is to sell or turn over portions of these cotton enterprises to the producers themselves. This already is under way in Senegal where 30 per cent of the shares in the state cotton company are being ceded to farmers' associations, with plans to later sell other portions to employees, the general public and a "strategic investor."

Mills, praised the Senegalese authorities for turning down such "ridiculous" offers. He also pledged not to suspend an agricultural adjustment loan which included privatization of the enterprise among its conditions. As of early April 2000, the groundnut enterprise remained under majority government ownership.

During a December 1995 visit to Washington, Eritrean President Isaias Afewerki noted that the US Agency for International Development (USAID) had become less aggressive in insisting on rapid privatization. "The language and approach of USAID has completely changed," he said. "I remember three or four years ago they told us: 'you should privatize companies within six months.' That kind of thing was a constant source of friction between us and USAID officials."

While it may have eased, the pressure to privatize has not ended. Privatization has remained a common and central feature in many World Bank and IMF loan agreements. Officials of the two institutions have publicly complained about what they regard as the slow pace of privatization in Cameroon, Comoros, Ghana, Malawi, Zimbabwe and other countries. In December 1997, the IMF halted lending to Niger under an enhanced structural adjustment facility when the government, under fire from a wave of bitter labour strikes, failed to move toward privatization of 12 major enterprises. The Fund resumed lending the next year when the government again promised to push ahead with privatization.

Mr. Campbell White argues that continuing pressure from the World Bank stems from a concern for the broader process of economic reform even at the expense of greater attention to issues like employment or social equity. "Unfortunately," he says, "the drive to get the reform process moving and to keep it on track tends very often to result in this institution pushing: privatize, privatize, privatize. Perhaps some of these humanitarian issues do get a little bit sidelined, but that's not due to disinterest. It's merely that there's a bigger agenda of reform that has to take place."



Source: UN Africa Recovery from World Bank data

Labour demands job protection

From the beginning, the most publicly persistent and organized opposition to privatization in Africa has come from the labour movement. Most recently, in 1999, there were strikes or threatened strikes against privatization in several countries including Benin, Cape Verde, Gabon and Niger. Sometimes workers succeeded in blocking or slowing down the privatization of specific enterprises or influencing negotiations for a privatization agreement. At other times, responding to external pressures, governments have simply brushed labour opposition aside, leaving a legacy of anger and political tension.

Usually, workers are reacting against threatened jobs or the possibility that benefits might be jeopardized under new management. Fears are heightened by the fact that some of the early privatizations did result in job losses. These either came with the arrival of new management, or earlier, as governments restructured financially troubled enterprises to make them more attractive to potential buyers. In São Tomé and Principe, agricultural labourers not only lost their jobs when state farms were privatized, they also were evicted from the plantation housing where they and their families lived.

There has been almost no follow-up monitoring of privatized enterprises, so accurate figures on pre- and post-privatization employment levels are generally unavailable. The World Bank conducted a survey of 54 privatized enterprises in Benin, Burkina Faso, Ghana, Togo and Zambia and found that between the time of privatization and the first quarter of 1996, overall employment in the companies had declined by 15 per cent, ranging from a steep fall of 36 per cent in Benin to a very slight increase of 0.1 per cent in Burkina Faso. In 1999, the Sudan Workers Trade Unions Federation charged that some 40,000 workers had lost their jobs in that country since privatization began in 1992.

Government and donor officials argue that many of these jobs might have been lost anyway since governments simply could not keep subsidizing crisis-ridden public enterprises indefinitely. Through privatization, they say, the enterprises have been placed on a sounder footing and in some cases have been able to expand operations and hire additional workers (or rehire some of those who were initially retrenched).

Nevertheless, governments and privatization commissions are now more attentive to job concerns. Frequently, when a state enterprise is offered to private bidders, retention of existing staff is either an explicit criterion or a major consideration when the government assesses offers. In Burkina Faso, the government received four offers for its giant sugar complex in Banfora in 1998. It immediately turned down one company that wanted to

turn to page 14

PRIVATIZATION

Burkina: privatization's rocky road

Concerns over transparency and jobs bring a mid-stream adjustment

By **Jean-Marie Sawadogo**
Ouagadougou

Over the past decade, the government of Burkina Faso has been withdrawing from direct involvement in productive sectors as part of a broader package of policy changes agreed to with the international financial institutions. While the results of some privatizations have been positive, there have also been problems. In some cases, new jobs were created; others brought job losses which sowed discord between the government and employers on one side and the workers and trade unions on the other.

Before the first structural adjustment programme in 1991, state enterprises performed poorly despite direct and indirect government subsidies. In 1990, the 13 largest state enterprises recorded losses of $31 mn and were a large drain on public revenues. Restructuring these enterprises to improve performance and enhance competitiveness was therefore seen as unavoidable.

The government agreed with the International Monetary Fund (IMF) and the World Bank to sell off most or part of its shares in such enterprises to the private sector. The programme stipulated that state-owned shares would not exceed 25 per cent although in some cases they could remain somewhat higher, especially in public utilities and mining enterprises.

Of the 44 state enterprises listed for divestment, 22 were privatized by the end of 1999, bringing the government CFA 10.5 bn francs ($18 mn) in revenue. Another seven enterprises were on offer, 12 had been liquidated or were in the process of liquidation and three had been transformed into research institutes and put under the Ministry of Higher Education. This shift away from public enterprises stimulated investment and other private sector activity. A World Bank-funded Private Sector Assistance Project (PSAP) is seeking to improve the infrastructure and legal environment for private companies.

Labour criticism

According to Ms. Geneviève Compaoré, coordinator of the PSAP, the first cases of privatization experienced numerous difficulties. The unions were not involved and little attention was paid to retraining or finding new positions for workers who lost their jobs.

From the beginning, therefore, the unions denounced privatization for its "anti-social" consequences. They also argued that many public enterprises performed poorly not because they were state owned but because of political interference in the selection of directors, which brought waste and mismanagement.

According to Ministry of Commerce and Industry figures, by the end of 1996 privatization had cut 120 jobs overall. This, however, did not include jobs eliminated when enterprises were restructured prior to privatization. The unions have since put overall job losses as high as 1,200.

In 1991, the government agreed to consult with the trade unions over any privatization but Mr. Richard Tiendrébéogo, assistant general secretary of the Burkina General Confederation of Workers (CGTB), one of the country's larger labour federations, told *Africa Recovery* that the agreement has not been respected.

Paul Compaoré

Workers own a 3 per cent share in Burkina Faso's privatized national insurance company, SONAR.

Prime Minister Kadré Désiré Ouédraogo acknowledges some of these problems. He says that while most workers agree that adjustment measures are needed, they want above all to preserve their jobs and ensure that the benefits of privatization do not go to a tiny minority only. "We can't have a situation where some tighten their belts, while others loosen them for their own profit," he says.

Delays and controversy

During the first phase of Burkina's privatization programme, sales had to pass through a number of stages. Initially, an enterprise was evaluated and a tender for purchase offers was issued. Various offers were then weighed and discussed by the cabinet. Often, further negotiations took place with potential buyers before a final agreement was reached and the shares transferred to the new owner. In most cases, the process lasted between one and four years. The shortest was 10 months — for the privatization of the Brakina brewery in 1992 — and the longest was nearly five years for the national bus company, which finally passed to private ownership in March 1999.

These experiences revealed a number of shortcomings, including excessive government involvement which contributed to delays. There was no real policy to keep the public informed, no strategy for specific industrial sectors, nor any distinction made between large and small firms. Shares in an enterprise tended to be sold to a single buyer; small shareholders were not involved. The privatization commission, moreover, was short-staffed and under-budgeted. A parliamentary inquiry found in 1996 that

several privatizations had been carried out in a "discriminatory" way. It argued that the frequent reliance on secret negotiations favoured corruption.

The privatization of the Cimat cement operation was particularly controversial. Bought by a Dutch company in 1995, it was accorded a production monopoly and received government protection in the form of high tariffs on cement imported from neighbouring Côte d'Ivoire and Togo. With such support, it now produces about 300,000 tonnes annually, about three-quarters of national demand. Some critics accuse the government of displaying "favouritism" toward the firm.

Mr. Tiendrébéogo of the CGTB union federation noted that while government support for the development of national productive capacity should be encouraged, it should be done in a way that facilitates broader involvement in the construction industry. Alluding to high cement prices as a result of the tariffs, he said that if such a policy "penalizes the consumer, then it becomes antisocial and must be fought."

A new approach

In light of such shortcomings, Prime Minister Ouédraogo announced a new privatization strategy in 1996 that aimed to correct some of the problems by making the entire privatization process less bureaucratic and cumbersome. Different criteria would be used to evaluate large- and small-scale enterprises. More attention would be paid to their specific roles in the economy and to the criteria for selecting potential buyers. The new strategy also emphasized follow-up — ensuring that those who buy the enterprises meet their contractual obligations on staffing levels, benefits and investment plans.

The World Bank, meanwhile, has placed greater emphasis on the qualifications of potential buyers and the minimization of job losses. According to Ms. Compaoré, the Bank does not unilaterally dictate a privatization programme but seeks to help a country develop its privatization policies. "The discussions are always open," she maintained, and the only pressure from the Bank concerns the programme's timing.

Paul Compaoré

Sold to a Dutch company in 1995, the Cimat cement company enjoys protection through high tariffs on cement from neighbouring countries.

With the new approach came a bigger privatization commission which now includes a trade union observer. This should help ensure greater transparency, says Mr. Christophe Ilboudo, the commission's permanent secretary. Other key factors guaranteeing a more open process include emphasizing competitive bidding and the evaluation of potential buyers' offers in a public session. "The selection of a buyer is not the affair of just one institution, whether the government or the privatization commission," Mr. Ilboudo told *Africa Recovery*. "It must take into account the advice of all those involved in the privatization process."

Competitive bidding and public evaluation of offers guarantee an open process.

The unions remain skeptical that real transparency exists yet. According to Mr. Tiendrébéogo, some privatizations or liquidations are carried out in ways that favour the purchase of assets by high-level "cronies."

In some cases, however, union involvement has made a difference. Mr. Tiendrébéogo notes that before the privatization of Sonapharm, the national pharmaceuticals supply enterprise, its management claimed that it was operating at a loss. But the union, working with the auditors, demonstrated that it was actually turning a profit. Management was obliged to heed the workers' salary and benefits demands. In principle, workers should also be able to acquire shares in the firm but this has not yet happened.

Workers were able to obtain 3 per cent of the shares in the privatized national insurance company, Sonar. Mr. Félix Ilboudo, the company's administrative director and chief accountant, says that privatization brought no job losses, but a slight increase in staff. The company's turnover has increased since privatization. In 1997, it paid shareholders CFA 1.2 bn francs ($2.1 mn) in dividends; subsequently, it also raised employees' wages by 10 per cent.

According to Mr. Ilboudo of the privatization commission, in enterprises that have been privatized since the shift in approach, "workers are more at ease," both in terms of remuneration and staffing levels. They have acquired shares in some companies and have a voice in managing them.

Even when privatization is judged to be relatively successful, however, problems related to market volatility can later arise and jeopardize the future of the business. The Sugar Company of Comoé (Sosuco) is a case in point. Employing 1,715 workers — making it the largest industrial employer in the country — Sosuco was sold in July 1998 to a consortium led by an Abidjan-based company belonging to the Aga Khan, the spiritual leader of the world's Ismaili Muslims. Union concerns about jobs were answered by a pledge to maintain current staffing levels and to improve the enterprise's performance through new investments. However, no sooner had Sosuco been privatized than the domestic market was flooded with cheap, smuggled sugar. Sosuco took heavy losses. This led to a confrontation with the unions which had been expecting salary increases and other benefits.

Minister of Commerce Idrissa Zampalégré stepped in to try to

turn to page 17

Privatization

from page 11

cut 700 staff and ultimately sold to a bidder that offered the lowest price and pledged to maintain the entire workforce while making significant new investments.

Shares and a voice in privatization

Although not yet a widespread practice, employee shareholding schemes are becoming more common as governments try to win workers' acceptance of privatization by giving them an ownership stake. When Senegal's telecommunications enterprise was sold in 1997, the workers were permitted to buy 10 per cent of the shares at a special discount (see box, page 15). In Benin, employee equity participation is part of the privatization law, although it has yet to be implemented.

"One of the mistakes we made in privatizing in Africa," notes Mr. Campbell White, "was not talking to labour leaders early on." Now union representatives are gradually gaining a limited voice, in some cases in the enterprises and, in others, with a formal role in the national privatization agency. In Ghana, the central labour federation was eventually given a seat on the Divestiture Implementation Committee (DIC), which oversees the sale of state assets. The Ghana Trades Union Congress complained that it was not involved when the committee was first established. However, "it is better late than never," notes the federation's Secretary-General Christian Appiah Agyei. Despite continuing skepticism about the privatization programme, he said that the union decided to take an active part in the DIC to ensure that workers get the benefits due to them. "What we have achieved for our members who were declared redundant might not be the best but, as a popular saying goes, half a loaf is better than none."

In other countries too, unions have shifted from outright opposition to privatization to trying to influence the way it is carried out. In Niger, telecommunications workers went on strike in August and September 1999 to protest government plans to break up and sell the mobile phone network. The workers felt that such a move would undercut the value of the business for potential investors and might jeopardize its prospects after privatization. The government relented and agreed to sell the enterprise as a single entity.

Development and social equity

Privatization often has an impact far beyond a firm's immediate employees and their families. Some public enterprises were originally established with broader development goals in mind: to build infrastructure, stimulate production in the absence of a strong private sector, spearhead industrial diversification or extend essential economic and social services to previously neglected sections of the population. In the initial rush to privatize, those goals were sometimes forgotten.

In the late 1980s, agricultural marketing boards and rural development agencies were dismantled or partly privatized in a number of African countries. Farmers generally welcomed the removal of price controls on their crops but they soon found that credit and agricultural inputs became more expensive or simply disappeared. The private sector did not rush to fill the gaps in the marketing chain, especially in poorer or more remote rural areas where profit margins were small. In Senegal, associations of small-scale farmers in the Senegal River Valley complained about the disruptions caused by the sudden elimination of state agricultural marketing and input supply operations.

Privatization pluses and minuses in Mozambique

Mozambican trade unionists criticize privatization for causing unemployment while the government says that privatization creates more jobs. Among the hundreds of companies (mostly very small) that have been privatized, both sides can find examples to back up their case. In some cases, new owners of smaller companies, far from resuming production, used business premises as warehouses. In one extreme example, a new owner turned the building of the company he had acquired into a church.

Occasionally, flagrant abuses led the government to cancel a privatization plan and retain the company under state ownership until another tender could be arranged. This happened in 1996 with the Maputo mattress factory, Morfeu, after the new owner failed to pay the company's debts, pay his workers on time or draw up an investment plan.

The government says such cases are not representative and that most privatized firms are functioning reasonably well. President Joaquim Chissano told parliament in March 1999 that while some privatized companies had laid off staff, others had hired new workers and that, in total, the number of jobs had increased by 40 per cent.

President Chissano said that when the privatization programme began in the late 1980s, only 42 per cent of state companies were operational. The rest were paralyzed or "semi-paralyzed." Today, 77 per cent of privatized companies are working, he said. Ten per cent are undergoing rehabilitation and 13 per cent are still inactive.

The government claims that "90 per cent" of privatized companies have been sold to Mozambicans. This is true, but most of the big companies are in the other 10 per cent. The country's three cement factories are now owned by the Portuguese cement giant, CIMPOR; the country's only glassware factory is in the hands of another Portuguese firm, Barboso e Almeida; and two of the three breweries were sold to South African Breweries (SAB).

The breweries, run as a company called Cervejas de Moçambique (CDM), are an example of a highly successful privatization. SAB invested heavily in new machinery, and production at two breweries, in Maputo and Beira, tripled between 1995 and 1998. This relatively cheap local beer is available all over southern and central Mozambique, and has destroyed the once thriving trade in smuggled South African beer. The government benefitted too. Taxes paid by the breweries rose by 700 per cent. By 1998, CDM provided about 5 per cent of total tax revenue. The brewery workers also are doing well. CDM pays a minimum wage equivalent to $96 a month, more than two-and-a-half times the statutory minimum. CDM was the first company quoted on the Mozambican stock exchange, which opened in October 1999.

— Paul Fauvet, Maputo

The Zambia National Farmers Union supported the privatization of maize purchasing but is critical of the hasty manner in which it was carried out in the early 1990s. Smaller-scale Zambian farmers within the organization and in the rival Peasant Farmers' Union charge that agricultural prices now are far more unpredictable than in the past. In 1997, the main organization of cocoa farmers in Côte d'Ivoire criticized the ongoing privatization of the cocoa marketing and price stabilization board, pointing out that the agency funded the expansion of rural infrastructure and that private companies were unlikely to do so. Despite their concerns, the board was dissolved in January 1999.

In the case of major export crops, governments sometimes worry that privatization of marketing boards will lead to a decline in the quality of the crops sold abroad. This happened when Nigeria's cocoa marketing board was abruptly dissolved in 1986; it had selected only high-grade cocoa for export and its dissolution brought a decline in quality and lost Nigeria its premium niche in the world market. Ghana, which has long enjoyed a high premium abroad for its cocoa exports, is resisting IMF proposals to liberalize the export business, even as internal cocoa buying has been liberalized. Partly for similar reasons, a number of francophone West African countries are reluctant to privatize their state cotton enterprises (see box, page 10).

On occasion, inequities within countries have also become an issue. In largely francophone Cameroon, chiefs and local political dignitaries from the anglophone South-West Province met with national officials in February 1999 to oppose plans to privatize the Cameroon Development Corporation (CDC), one of the country's largest agro-industrial enterprises. They stressed the CDC's historical role in helping develop their province.

In Uganda and Tanzania, the governments, unions and local financial communities all raised concerns that selling major state banks to foreign institutions would lead to the closure of smaller and less profitable rural branches and deprive many people of basic banking services. The Ugandan government has indicated that a potential buyer's commitment to maintaining a nationwide network of branches will be one of the criteria for the sale of the Uganda Commercial Bank.

Broadening ownership

To many ordinary Africans, privatization is a very distant process in which they have no hope of participating. World Bank officials cite figures to show that most privatized firms are sold to nationals, but these are generally the smaller ones. Many of the largest and most profitable go to foreigners — often from the former colonial power — fueling opposition to the perceived sell-off of "national assets."

Such views are not limited to opposition parties or trade unions; they are also held by indigenous business organizations. In early 1999, the national business forum in Cameroon — the Groupement interpatronal du Cameroun — complained that the qualifying conditions for bidding for the national water and electricity companies discriminated against local investors and favoured French

Senegal: both smooth and rough

Since 1995, Senegal's privatization programme has moved into high gear. As elsewhere in Africa, the process has been uneven. Some cases of privatization have proceeded relatively smoothly and with a broad measure of public acceptance. Others have been highly controversial and turbulent. Two cases in particular highlight the range of experiences.

Telecommunications: A 33.3 per cent share of the Société nationale des télécommunications (Sonatel) was sold in July 1997 to a subsidiary of France Télécom which also took over management of the company. This followed the collapse of an earlier agreement to sell a third of Sonatel to a Swedish-US consortium. Although the consortium offered a higher price than France Télécom, it was unwilling to make the same commitment to retain staff or match France Télécom's long-term investment plans. Under the plans, the number of telephone lines would quadruple over the next decade. Through a subsequent recapitalization in 1999, France Télécom's ownership share was increased to 42 per cent.

At the time of the original sale, 10 per cent of the shares were sold to Sonatel employees at a highly discounted rate, easing some of the workers' earlier anxieties about privatization. Another 17 per cent were then offered for public sale through the francophone regional stock exchange in Abidjan, Côte d'Ivoire; two-thirds were reserved for Senegalese nationals and institutions. All shares were quickly bought up, including by some 9,000 Senegalese individuals who paid a total of CFA 17 bn ($30 mn). This surprised some analysts who had expected little individual participation because of Senegal's generally low savings rate. Since then, Sonatel shares have risen in value and traded briskly on the Abidjan exchange, dwarfing almost all other stocks.

Despite the relative success of Sonatel's privatization, the World Bank has been critical of the continued monopoly the company enjoys over the country's network of fixed telephone lines. It argues that the sector needs to be opened up to competition.

Electricity: The same year that Sonatel was privatized, the government announced plans to sell majority shares in the state electricity company — the Société nationale sénégalaise d'électricité (Sénélec). The company's unions vehemently denounced the move and launched a series of strikes and go-slow actions which contributed to country-wide power blackouts. This prompted the government to imprison a number of the top union leaders for several months.

In March 1999, the government sold a 34 per cent share of Sénélec to a consortium led by Hydro Québec of Canada which took over management of the company. The government also pledged to sell another 15 per cent of Sénélec through the Abidjan stock exchange and to reserve a further 10 per cent for company employees. This would reduce the government's stake to a 41 per cent share. So far, the unions have remained opposed to privatization and declined to take the shares reserved for them.

Meanwhile, Senegal's aged network has frequent power failures which seriously hinder the country's economic growth. Sénélec's need for substantial new financing — both to upgrade the network and pay off large pre-privatization debts — has prompted Hydro Québec to propose increasing the enterprise's capital base. If this goes ahead, Hydro Québec's ownership share could increase from 34 to 51 per cent, which could result in further confrontation with the unions.

companies. In Kenya, the National Chamber of Commerce and Industry suggested that a portion of privatization revenues be set aside for a credit fund for indigenous small-scale enterprises.

Even when national investors do take a leading role in a privatized company, there is sometimes public resentment that businessmen from certain ethnic groups have an undue advantage. Moreover, the frequent secrecy or lack of public information about how buyers are selected lends credence to press reports that some privatization programmes are riddled with corruption or tend to favour political insiders.

The ECA working paper mentioned earlier argues forcefully that broadening ownership is vital for the long-term success of privatization in Africa. "Broadening local participation in privatization satisfies national aspirations. It can also activate political acceptance of privatization and, ultimately, it can boost domestic savings."

Nevertheless, only scattered efforts have been made so far in Africa to give local people greater ownership in privatized firms.

Ghana Information Services Department

Drying cocoa: privatization of marketing board functions can lead to lower quality exports.

Employee equity schemes are one method. Most common is the floating of shares on local stock markets, which ECA regards as "the easiest way to reach as many people as possible." Many of Nigeria's privatization transactions were carried out in this way. Regional quotas achieved an equitable geographic distribution of shares. Often, part of a large enterprise is sold to an external "strategic investor" while a certain percentage of shares is floated through the stock market. This happened with Kenya Airways and Ashanti Goldfields in Ghana.

The ECA notes the limitations of such public share floats. Many African stock markets are still in their infancy. In any case, most people are far too poor to buy shares. This has prompted governments to retain minority holdings of privatized enterprises for future public offerings; either directly or through special trustee funds, such as Zambia's Privatization Trust Fund (PTF), created in 1994. The PTF "warehouses" up to 30 per cent of shares in companies for later sale to the public. Rwanda is planning a similar trust fund.

While encouraging the strengthening of African stock markets as the best long-term route to broader ownership, ECA regards "directed group" ownership schemes as a promising medium-term solution. These involve offering equity shares at discounted prices or on deferred terms to people who have little capital but are directly involved in a particular production sector. One example is the Uganda Tea Growers' Corporation where tea farmers gradually buy into the corporation's factories as they sell their tea. Initial subscriptions are as low as 5,000 shillings (about $3.30).

Commitment and transparency

Privatization "is both an economic and political exercise but more the latter," notes Mr. Bernard Verr, director-general of Nigeria's Bureau of Public Enterprises and a member of its National Council on Privatization. Therefore, he adds, privatization requires "the commitment of the highest political authority."

Some countries, like Nigeria, have placed their privatization programmes directly under the offices of the president or vice-president, or at the cabinet level. Others have created strong or semi-autonomous privatization commissions with participation from government, business and other sectors. In Botswana, the Chamber of Commerce and the trade unions were involved in the creation of the Public Enterprise Monitoring and Privatization Agency in 1999.

One of the key tasks facing such agencies and commissions is ensuring greater transparency and accountability in the privatization process. In a number of countries, separate auditing and parliamentary oversight committees have been established to help monitor privatizations. In Uganda, revelations about corruption in some privatization deals not only brought the resignation of the privatization minister but also prompted the parliament in late 1998 to order a temporary suspension of the entire privatization process until it had completed an inquiry (which led to the sacking of several more officials).

Some World Bank and IMF officials express concern about the suspension in Uganda, but Mr. Campbell White observes that such delays may be inevitable as policy discussions about privatization become more inclusive and open. "We need to pay a lot more attention to garnering information on people's views and getting people to participate in the formulation of policy. Yes, this may well slow up design, preparation and implementation early on. But once you get that out of the way, [a privatization

programme is] very much more likely to be successful."

How the profits of privatization are used is another area in which greater transparency is needed, analysts point out. Often, governments give very little indication of how such income is spent, further fueling speculation about high-level corruption or the diversion of funds for pre-election spending or to plug budgetary deficits.

In some cases however, governments have enhanced public confidence by not only giving a public accounting of privatization revenues but also by specifically targeting them to vital development needs. After the sale of Senegal's telecommunications enterprise, the minister of finance, in a supplementary budget bill, allocated a portion of the revenue to social programmes.

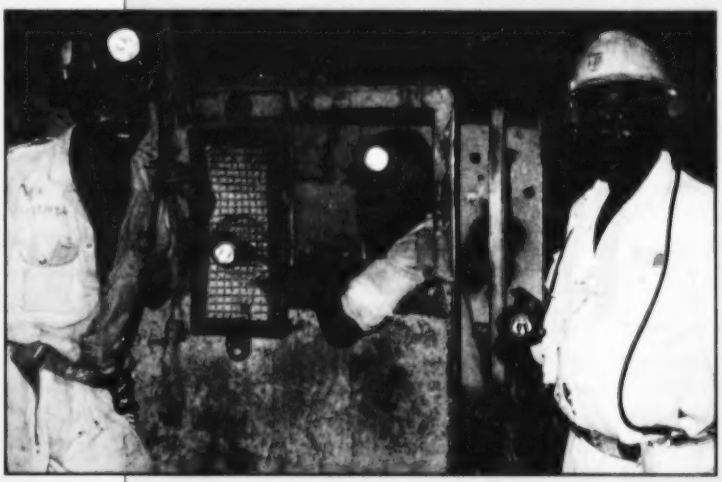
Such moves have not eliminated all the problems facing privatization in Senegal — or elsewhere in Africa — but they have opened the way for greater public engagement and debate in a process that is now a central feature of economic change throughout the continent. ■

Zambian copper privatization stumbles

According to the World Bank, Zambia's privatization programme has been among the most successful in Africa. By mid-1999, nearly 230 of the 280 state enterprises slated for privatization had already been sold off. However, privatization of the country's largest enterprise by far, the Zambia Consolidated Copper Mines (ZCCM), proved much more difficult. Not only is it a sensitive issue among miners who face widespread job losses, it has also run up against the uncertainties of the world market — a problem that has plagued mining privatizations in several other African countries.

To make ZCCM more attractive to investors, the giant enterprise was "unbundled" into five major and six smaller units. Environmental protection laws were relaxed despite the fact that the company is a major polluter. These incentives were not enough, however, to overcome investor hesitancy. In 1996-97, the price for copper on the world market began to plummet and became worse during the 1997-98 Asian economic crisis. Negotiations dragged on and some deals collapsed as potential buyers pulled out, judging the investment too risky. In 1998, a consortium offered $130 mn for the three major mines. The government, expecting to get $500 mn, did not take up the offer.

The continued slide in the price of copper left only one major foreign company still interested in ZCCM — the Anglo American Corporation, a British-South African conglomerate which already had a 20 per cent stake in the enterprise. In 1999, it offered $90 mn for the same three mines. This time the Zambian authorities agreed.



UN/ Milton Grant

Low copper prices have made it harder to sell Zambian mines.

Burkina's rocky road

from page 13

save this important enterprise. He ordered an additional tax on imported sugar and required customs officials to enforce quality controls more strictly. This was not a reversion to protectionism, he argued, but a "legal intervention to ensure healthy and fair competition." During 1999, sugar imports began to come down somewhat.

Post-privatization monitoring

The privatization commission is now keeping a watch on privatized firms to ensure that the new owners live up to their commitments. However, it has met resistance from some companies which view government monitoring as interference in their business affairs. Some have not maintained staffing levels or made the additional investments they originally agreed to make; others are in arrears to the government on their purchase payments.

Mr. David Fayama (of the technical secretariat for the coordination of government development programmes) says these companies need to understand the importance of fulfilling the conditions under which they were allowed to buy the enterprises.

Despite such concerns — and even before the shift in the approach to privatization — overall investment is rising. The level of investment in these firms rose from CFA 2.3 bn francs in 1992, before privatization, to CFA 5.6 bn francs in 1996, according to Ministry of Commerce statistics. By the end of 1999, they had risen to CFA 19 bn francs.

Local private-sector involvement has not been broad-based, however. A survey of business attitudes found that while many potential investors are interested in privatization, they feel that it benefits only a small group which has sufficient finance to buy large blocs of shares. In response, Mr. Fayama suggests that small-scale businesses form consortia so that they can take a bigger share in privatized firms. ■

African women prepare for Beijing+5

ECA conference outlines progress since 1995 world conference and challenges ahead

By ***Jon Offei-Ansah***
Addis Ababa

African women and men need to push at all levels of society for faster progress in women's advancement, said participants at the Sixth African Regional Conference on Women held in Addis Ababa, Ethiopia last November. Over 1,500 people from governments, civil society, regional institutions, bilateral, multilateral and UN agencies met at the Economic Commission for Africa (ECA) to review the implementation of the 1995 Dakar and Beijing Platforms for Action for the Advancement of Women. The conference also agreed on a regional plan to accelerate the implementation of these platforms and to prepare for Beijing+5, the global review scheduled for June 2000 in New York.

"We still have a long road to travel," said ECA Executive Secretary K.Y. Amoako, noting how much easier and faster it is to change a law than to ensure its implementation. "The paper barriers are coming down, but the behavioural barriers are still largely up." Analysis of national reports submitted to ECA by 43 African countries showed that women continue to lack access to resources and services, that there has been erosion of progress in some areas and that many of the old problems still persist, Mr. Amoako said.

UN/ Ray Witlin

Women need more control of economic assets such as land.

New challenges have also arisen, added Ms. Angela King, Special Adviser to the UN Secretary-General on Gender Issues and the Advancement of Women. Due to migration of men seeking jobs in urban areas, the number of female-headed rural households is increasing in sub-Saharan Africa, whereas the ownership and control of land by women is not. In zones of conflict and war where women and girls are the main targets and victims, goals for the advancement of women will remain unattainable unless there is peace and security, Ms. King emphasized.

Participants recognized the progress made since 1995 in implementing the Platforms for Action. Among other things, 47 African countries have ratified the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). South Africa has passed the 30 per cent target of women parliamentarians and other countries are moving in this direction. Botswana has the first woman governor of a central bank. In some countries, land tenure reform has enabled women to own, use and inherit land.

However, speakers also noted that the lack of quality health services, especially reproductive health services, helps keep maternal mortality and morbidity rates too high in many countries. Participants agreed that the HIV/AIDS pandemic and the rising incidence of poverty place a disproportionate burden on women. They set the target of halving the incidence of new HIV/AIDS infection by 2004.

Emphasizing the link between "quality growth and gender equity," ECA Deputy Executive Secretary Lalla Ben Barka commended conference participants for insisting that higher levels of investment should be directed to those sectors that affect women and young people.

Conference participants endorsed a regional plan of action that aims to accelerate in the period to 2004 the implementation of the Dakar and Beijing Platforms for Action for the advancement of women. The plan provides a framework for solving the problems that recur most frequently in national progress reports.

Among the key problems is the fact that most countries have paid inadequate attention to the coordination of activities and this had led to duplication of effort and the waste of precious resources. Even where such structures for coordination are well defined, they often lack the appropriate mandate, tools and resources to do their job effectively. Monitoring and evaluation have been weak, making it hard to assess progress. Nearly all countries reported that they lack the resources for implementing the platforms, and few of them have formulated national gender policies or gender-sensitive sectoral policies.

Turning to the immediate future, conference participants agreed on the need to maintain forward momentum at national and regional level and to keep a sharp focus on the 12 priority areas specified in the Beijing Platform for Action (see box). They agreed that in order to improve monitoring and evaluation, each country will establish a "follow-up team" composed of representatives of ministries covering the 12 critical areas. Governments will have to finance training workshops for these teams as well as the monitoring and evaluation activities, with additional funding to come from regional institutions. With national evaluation reports due for examination in 2004, participants said that such teams should be fully operational as soon as possible. ■

The 12 critical concerns of the Beijing Platform of Action

- The persistent and increasing burden of poverty on women
- Unequal access to education and training
- Unequal access to health care and related services
- Violence against women
- The effects of armed or other kinds of conflict on women
- Inequality in economic structures and policies, in all productive activities and in access to resources
- Inequality between men and women in the sharing of power and decision-making at all levels
- Insufficient mechanisms at all levels to promote the advancement of women
- Lack of respect for and inadequate promotion and protection of the human rights of women
- Stereotyping of women and inequality in women's access to and participation in communication systems, especially in the media
- Gender inequalities in natural resource management
- Persistent discrimination against girls and violation of their rights

Security Council

from page 1

the Council has devoted over half its time to Africa. But the US and other permanent members have been notably reluctant to undertake major peacekeeping missions on the continent since the failed operation in Somalia in the early 1990s. The distinguishing feature of the Month of Africa, beyond the inclusion of public health and humanitarian issues not normally on the Security Council docket, were the decisions that followed — decisions that represent a major expansion of the UN peacekeeping presence in Africa.

'Litmus test'

The most urgent issue before the Security Council during the Month of Africa was the far-reaching conflict in the DRC. Since fighting resumed there in August 1998, barely a year after the ouster of longtime dictator Mobutu Sese Seko, a number of Congolese opposition groups, backed by Rwandan and Ugandan troops, have sought to topple the government of President Laurent-Désiré Kabila, which receives military support from Zimbabwe, Angola and Namibia.

Limited UN mandate in the DRC

On 24 February 2000, the Security Council authorized the expansion of the UN Organization Mission in the Democratic Republic of Congo (MONUC) to include up to 5,537 personnel. Some people think its size and mandate are inadequate in a country the size of Europe. Deployment will occur only "as and if" the Secretary-General receives sufficient guarantees of security and freedom of operation from the belligerents. MONUC will set up common headquarters and operational facilities with the Joint Military Commission of the Lusaka agreement to enhance coordination during the deployment of UN forces.

Key features of the MONUC mandate:

- Monitoring compliance with and investigating violations of the cease-fire agreement
- Establishing and maintaining continuous contact with the field headquarters of the parties' armed forces
- Developing a plan of action for the disengagement, disarmament, demobilization and reintegration of armed groups and the withdrawal of foreign forces
- Providing technical assistance and support for the facilitator of the inter-Congolese dialogue, Sir Ketumile Masire; working for the release of prisoners of war and assisting UN and non-governmental agencies in humanitarian activities
- Developing a national de-mining programme and conducting de-mining operations

MONUC is authorized under Chapter Seven of the UN Charter to take "necessary action" to protect UN and JMC personnel and facilities, ensure its freedom of operation and protect civilian populations under threat of attack "in the area of deployment of its infantry battalions and as it deems within its capabilities."

Many thousands of people have died in the fighting and at least 700,000 more have been driven from their homes. The conflict also involves thousands of heavily armed Hutu soldiers and militia members who led the 1994 genocide against Rwanda's Tutsi population. These forces, alleged to be loosely allied with the Kabila government, have staged attacks into Rwanda from DRC territory and are considered a major threat by the Rwandan government to regional security.

On January 24, the Security Council opened a week-long summit on the DRC crisis that brought together the then heads of state of five of the six countries directly involved in the fighting: Presidents Jose Eduardo dos Santos (Angola), Laurent-Désiré Kabila, Pasteur Bizimungu (Rwanda), Yoweri Museveni (Uganda) and Robert Mugabe (Zimbabwe). The sixth combatant, Namibia, was represented by Foreign Minister Theo-Ben Gurirab, the current President of the UN General Assembly. They were joined by Presidents Frederick Chiluba (Zambia) and Joaquim Alberto Chissano (Mozambique), UN Secretary-General Kofi Annan, Organization of African Unity (OAU) Secretary-General Salim A. Salim and former Botswanan President Sir Ketumile Masire. The foreign ministers of Belgium, Burundi, Canada and South Africa, the US Secretary of State for Foreign Affairs and other senior African and European diplomats also participated.

African leaders came to the UN to re-affirm their commitment to peace and press the Security Council to deploy peacekeeping troops to monitor and enforce the cease-fire agreement

Key provisions of the Lusaka cease-fire agreement

The Lusaka agreement recognizes the internal and external aspects of the conflict by linking the following: internal democratization and national reconciliation in the Democratic Republic of Congo; respect for its sovereignty; withdrawal of foreign forces and accommodation of the legitimate security interests of neighbouring states. Its clauses include:

- Cessation of hostilities within 24 hours of the signing of the cease-fire agreement; a ban on disseminating hostile propaganda, harassing civilians, inciting ethnic hatred and moving arms and war material to the field
- Establishment of a Joint Military Commission (JMC) comprising representatives of the belligerents. Working with UN and OAU observers, it is to oversee troop disengagement, develop procedures for disarming, demobilizing and reintegrating combatants, and ensure compliance with the cease-fire until UN peacekeepers arrive
- Release of prisoners and hostages; establishment of safe corridors for moving and distributing humanitarian aid
- Re-establishment of government administration, resumption of health, education and other services, and free movement of people and goods throughout the country
- Selection of a mediator and beginning of an inclusive inter-Congolese dialogue based on mutual respect and equality before the law for all ethnic groups and nationalities within the DRC. Out of this dialogue shall emerge agreement on the composition of a new national army, a new constitution and free elections
- Deployment of an "appropriate" UN peacekeeping force (within 120 days of the signing of the agreement) to monitor the cease-fire, investigate violations with the JMC; disarm, demobilize and reintegrate armed groups; arrest perpetrators of crimes against humanity, including people suspected of involvement in genocide in Rwanda; and oversee the withdrawal of foreign forces from the DRC
- Cooperation in security matters along common borders; no arming, training or harbouring of armed opposition groups intent on destabilizing neighbouring states

negotiated by President Chiluba under a peacemaking initiative of the OAU and the Southern African Development Community (SADC). The Lusaka agreement, which calls for the halt of hostilities, a dialogue within the DRC leading to national elections and the withdrawal of foreign forces, was signed by the belligerent states on 10 July 1999. The principal Congolese rebel organizations signed a month later.

The agreement has been marred by continued fighting in some regions and undermined by a lack of financial and logistical resources for the Joint Military Commission (JMC). This body comprises military officials drawn from all the various combatants and is responsible for halting and investigating cease-fire violations and ensuring compliance with the other military provisions of the Lusaka agreement. The beginning of the inter-Congolese dialogue, a key component of the accord, was delayed by the failure of the parties to agree on a mediator.

The Security Council welcomed the Lusaka agreement in a 6 August 1999 resolution, but declined to authorize early deployment of the large UN peacekeeping force envisioned by the accord. Noting the repeated cease-fire violations, some Council members balked at the size, cost and scope of such an operation. Under pressure from African governments to support the fragile agreement, the Security Council began a "phased deployment" last August with 90 military liaison officers. Their principal tasks were to establish contact with the belligerents, advise the Secretary-General on possible additional deployments of UN personnel and provide technical assistance to the JMC.

President Robert Mugabe (Zimbabwe)

In November, the Security Council authorized the Secretary-General to prepare for phase two of the DRC deployment: the dispatch of up to 500 military observers. Cease-fire violations continued and UN military liaison officers were denied access to some parts of the country, making deployment of the observers impossible and reinforcing the views of Security Council skeptics.

Speaking in the Council on 15 December, Mr. Holbrooke acknowledged that his government was "part of the reason for the delay in the Democratic Republic of Congo" of the deployment of UN forces. Virtually every provision of the Lusaka agreement has been violated or ignored, he said, and the UN cannot impose a cease-fire on unwilling belligerents. The US is prepared to support a larger international role in the DRC, "but we must get it right."

Such arguments have fueled African charges of a Security Council "double standard" toward peacekeeping in Africa. Despite the appointment of former Botswanan President Masire to the key post of facilitator of the inter-Congolese dialogue in December, there was mounting concern that the Lusaka agreement would fail without effective and visible international support.

Then President Pasteur Bizimungu (Rwanda)

'Peacekeepers now'

When the Council convened on 24 January to take up the issue of the DRC, it was under enormous political pressure to authorize the deployment of peacekeeping troops. The Council had before it a recommendation from Secretary-General Annan to augment the 500 military observers already approved for the UN Organization Mission to the Democratic Republic of Congo (MONUC), with an additional 5,000 personnel, including four infantry battalions, two marine companies and logistical units, as well as human rights and child protection officers.

Mr. Annan made it clear, however, that the mandate of the military component should be limited to providing security for the UN military observers and assisting humanitarian and peacemaking operations — not separating combatants, patrolling borders or disarming armed groups. Speaking to Security Council members and African leaders at the opening of the January summit, Mr. Annan said that the Lusaka agreement remained "the most viable blueprint" for peace in the Great Lakes region, yet "there have been many cease-fire violations which have caused fresh suffering." The warring parties, he continued, "need to demonstrate the political will to apply the agreement fully, without further delay. All else flows from this essential requirement....The belligerents must do better."

President Yoweri Museveni (Uganda)

President Chiluba readily acknowledged problems with the implementation of the agreement but said that the appointment of former President Masire and improved security conditions in much of the country showed that the peace plan was working. "The international community is reluctant to send peacekeepers to the Democratic Republic of Congo unless the Lusaka agreement registers a perfect score on some performance chart," he asserted. "To the best of my knowledge, no other cease-fire agreement anywhere in the world has been subjected to such a test."

President Mugabe, reflecting the views of the other heads of state in attendance, echoed President Chiluba's criticism and called for immediate action. "This Council has been observing the situation in the Democratic Republic of Congo from afar for too long," he said. "The message is, 'peacekeepers now.'"

After a week of intensive consultations between African leaders, Security Council members and senior UN staff, that message appeared to have been heard. On 24 February, the Security Council voted unanimously to authorize the deployment of up to 5,537 UN personnel in the DRC to support the Lusaka agreement. Its mandate, in keeping with its capabilities, is limited. MONUC will work jointly with the JMC to monitor — but not enforce — the cease-fire. It will facilitate humanitarian assistance operations, provide logistical and technical assistance to Mr. Masire in conducting the inter-Congolese dialogue and provide security for UN and JMC personnel. MONUC is also authorized, "as it deems within its capabilities," to protect civilians under imminent threat of attack.

Getting it right

That a force the size of MONUC can succeed in a country as large and as challenging as the DRC is very much in doubt. Military units will be deployed in different parts of the country to provide security to the military observers and the JMC, leaving only small numbers of armed peacekeepers in any given location. Communications and travel in the DRC are extremely difficult, with few passable roads or railways and even fewer telephones outside the capital city. In such circumstances, UN troops could be within a few miles of a community

under attack and be unaware of the violence or unable to respond in time.

On 24 January, Mr. Annan cautioned the African leaders present against inflated expectations and repeated that the parties themselves bear primary responsibility for implementing the Lusaka plan. "The UN is here to help," he said, "but the UN has also had bitter experience of help gone wrong," an apparent reference to Somalia and Bosnia.

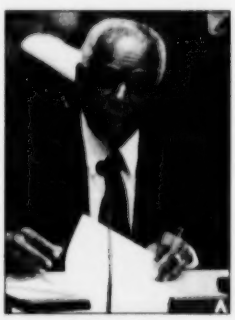
President Laurent-Désiré Kabila (DRC)

The size and capability of the UN force was very much on President Chiluba's mind when he told *Africa Recovery* that 5,500 peacekeepers "would be quite insufficient." He expressed hope that additional peacekeeping troops would follow. "To do a half job would only leave it undone, and we would never be able to handle that."

President Chiluba's concerns are shared by many senior UN officials, one of whom estimated that it would take a deployment of 14 million soldiers in the DRC to match the number of troops per square kilometre that the North Atlantic Treaty Organization (NATO) currently deploys in Kosovo. Even then, the official noted grimly, NATO is having a very difficult time maintaining order. If things do go wrong, he said, MONUC will not be able to cope.

Despite such concerns, President Chiluba described the Security Council's focus on the DRC as "a very wonderful exercise. We are all going back more determined and aware that the world is looking at the Congo." Africa came to the Security Council looking for effective support, he said, "and this has come."

Mr. Annan has sought an initial financial authorization of $200 mn for deployment of the expanded MONUC, should it finally occur. Annual costs are estimated at $500 mn.



President Jose Eduardo dos Santos (Angola)

Sierra Leone force boosted

The Security Council also acted to bolster the UN Mission in Sierra Leone (UNAMSIL), voting on 7 February to increase the military component from 6,000 to 11,100. The additional troops were authorized in response to a recent decision by ECOMOG, the West African regional peacekeeping force, to withdraw its forces from Sierra Leone after years of involvement.

The expansion came against a backdrop of continuing violations of the Lomé peace accord and delays in the programme to disarm, demobilize and reintegrate about 45,000 former combatants. In his report to the Security Council on 21 January, Mr. Annan called for the deployment of a "militarily credible" force to assume security duties previously performed by West African troops. A number of confrontations between rebel units and UN troops in December and January underscored the need for careful coordination of the transfer of authority from ECOMOG to UNAMSIL during the transition phase. The expansion, which includes six additional infantry battalions and support units, 54 civilian police and 170 civilian staff, is expected to cost an additional $110.8 mn, bringing the annual cost of the mission to just under $311 mn, up until June 2000.

Dramatic testimony

The Council also took up the continuing conflict in Angola, hearing testimony from UN Under-Secretary-General for Political Affairs Kieran Prendergast and Canadian Ambassador Robert Fowler, the head of a Security Council committee investigating sanctions-breaking by the Angolan rebel movement UNITA.

Mr. Prendergast presented the Secretary-General's 14 January report on new developments in Angola, noting that since UNITA resumed the war in December 1998, recent battlefield successes by the Angolan armed forces have returned large areas of the country to government control. Clashes between UNITA and security forces in Namibia and Zambia are disturbing evidence of the regionalization of the Angolan conflict, he said, emphasizing that UNITA should comply with its obligations under the 1994 Lusaka Protocol peace agreement.

The humanitarian situation remains desperate, he continued. Two million Angolans have been internally displaced by the fighting, over 40,000 are refugees in neighbouring states and an additional 1.7 million Angolans have been affected. Nearly half of Angolan children under 5 are malnourished and over 400 people were killed or injured by land mines during 1999.

Ambassador Fowler had just returned from an eight-day visit to Angola to further his investigation into the violation of UN arms and financial sanctions imposed on UNITA, an investigation authorized by the Security Council last May. Mr. Fowler outlined a global diamonds-for-arms bartering system that delivered tanks, armoured vehicles and munitions of every type to UNITA's supply bases deep inside Angola. Since late 1998, he noted, UNITA has been able to secure hundreds of thousands of litres of fuel for its war machine — all brought in by air and all purchased with uncut diamonds.

The most dramatic testimony came in a videotaped interview with two former senior UNITA officers now in the Angolan armed forces, who charged that UNITA leader Jonas Savimbi had ordered the destruction of two UN aircraft in December 1998 and January 1999. Some of the dialogue in the video, which Ambassador Fowler showed to the Security Council, follows:

President Joaquim Chissano (Mozambique)

Officer: We had instructions to shoot down any type of aircraft.

Mr. Fowler: Including United Nations aircraft?

Officer: Everything that was an aircraft because Savimbi said that United Nations aircraft were in the service of the government.

Mr. Fowler: Were there any survivors from the first flight?

Officer: No, there were none.

Mr. Fowler: When Savimbi was informed of the shooting down of the first UN aircraft, did you see his reaction?

Officer: I talked to him.

Mr. Fowler: And how did he react?

Officer: He was happy, and he said that this was a way of pressuring all those who were working with the UN to quit.

Mr. Fowler: What happened to the individual who had fired the missile?

Officer: He was promoted.

Mr. Fowler: And Savimbi's reaction to the second [shooting down]?

Officer: Happiness.

Ambassador Fowler's full study was presented to the Security Council in March and generated substantial controversy. There was sharp criticism of its use of testimony by former UNITA members to support allegations of

Burundi facilitator Nelson Mandela and Secretary-General Kofi Annan.

sanctions busting by some African and European governments and payoffs by UNITA to some African heads of state. The report has been dismissed as malicious and inaccurate by many of the governments concerned. In the next few months, the Council will consider the study's 39 recommendations on tighter sanctions against UNITA.

Spotlight on Burundi

On 19 January, the Council focused on the civil war in Burundi. Mr. Annan said the conflict is among the most urgent tasks in Africa, as it could descend into a repeat of the 1994 genocide in neighbouring Rwanda. He described as "appalling" the suffering of some 500,000 refugees in surrounding states and 800,000 internally displaced people, including 300,000 forced by the government into poorly supplied "regroupment" camps as a security measure.

Mr. Mandela was named facilitator of the Arusha peace talks following the death of the previous facilitator, former Tanzanian President Julius Nyerere. It is hoped that Mr. Mandela's global prominence will focus international attention on the flagging peace talks. At his first meeting with Burundian leaders in Arusha on 16 January, he set a new tone of urgency by lambasting them as "leaders without talent or vision" if they insisted on pursuing the conflict.

In his remarks to the Security Council, however, Mr. Mandela characterized the parties

'Now is the time for peace' in the Democratic Republic of Congo

Zambian President Frederick Chiluba spoke to Africa Recovery *during the Security Council meeting*

What is your assessment of this week-long Security Council debate on the DRC?

First of all I must tell you that we are here because of Ambassador Holbrooke. He had in mind to call us to come and look each other in the face and renew our contacts, hostile or friendly. And he has succeeded.

We are not really discussing the Lusaka agreement. We are seeking support so that it can be implemented. Any kind of procrastination might set the clock back and violations become the order of the day and the whole agreement might be thrown overboard.

The US and other permanent members of the Security Council have said that it is too risky to deploy peacekeeping forces.

The US has a point in a way. They have experiences where forces sent under the auspices of the UN have been sitting ducks. But I think that the case of the Congo is a totally different matter. The structure of the agreement is such that the UN won't just be dropped into the Congo on unfamiliar ground. We have the Joint Military Commission (JMC) to work with. We have the Joint Political Committee to work with.

Of course they will face a few problems. They are going there because they have to establish peace. To wait is to make the whole of this work irrelevant. We appreciate the concerns of the US. They are genuine. But we are saying that the same way they handled Kosovo by NATO, the same way they handled East Timor by the UN must be the same way they handle the DRC.

Mr. Annan has proposed a deployment of some 5,500 UN peacekeepers.

I think it is really a very wonderful development for us. The sooner it is really put in place the better. For those violating the agreement on the ground will know that the game is up. They can no longer continue at will to do what is against the signed agreement. Our appearance here is not in vain. We raised the status of the case of the Congo to a very high level. We hope that it cannot be forgotten or shelved aside.

"The international community is reluctant to send peacekeepers to the Democratic Republic of Congo unless the Lusaka agreement registers a perfect score on some performance chart."

Is that deployment adequate?

For the observer teams, you don't need so many. But the size of the Congo means that a force of 5,500 would be very insignificant. I'm sure that as they observe the operations on the ground, they will be reminded of the fact that the numbers are not sufficient and require immediate beefing up. I think the numbers will move as the process is started.

What are the priorities right now?

We need financial resources on three levels: to make the JMC more effective and operational, to assist the office of the facilitator, so that the internal dialogue starts, and for the entire peacekeeping operation.

I have a feeling the internal dialogue might be the ultimate goal. Why did the war start, apart from the external dimension? The internal one was that they were asking to broaden the political space. They were saying, "We must begin to democratize the Congo." That can only come about through the office of the facilitator. Sitting them down, having a discussion. If it fails and falls apart, we've had it.

What are the greatest obstacles to peace?

We will be our own obstacles if our minds don't clear up. And that's why I am so optimistic. I believe sincerely that this thing will be resolved because all the actors in this war want to end it. None of them believes today that they can settle this thing militarily. All of us want to start the process of peace.

And besides, the people in the Congo have suffered long enough. They want peace. I know how they welcomed me when I went on one of my trips. There were millions of people lining the streets, looking for me and getting the message straight. "We want peace. We want peace."

And now is the time. ■

to the Arusha talks as "people of outstanding intelligence and education." He outlined the progress made in the negotiations to date and the remaining obstacles to a settlement, particularly the absence of the Hutu guerrillas from the Arusha process. Mr. Mandela emphasized the responsibility of the parties to make and keep the peace. "It is time for Burundians to get down to business," he declared. "The responsibility rests squarely with their leaders now to find the necessary arrangements by which Burundians can live together."

He was equally insistent that international responsibility in Burundi is not limited to the provision of humanitarian aid. "The international community has a part to play politically," he noted. "The problems of Burundi are the concern of us all, as are the problems in any other part of the world." To underline the point, he invited US President Bill Clinton and other world leaders to join him in Arusha for the next round of negotiations, arguing that pressure on the parties to end the war "can only be reinforced by the participation of other heads of state and countries."

When Mr. Mandela opened the talks in Arusha on 22 February, he was joined by President Museveni, President Benjamin Mkapa of Tanzania, President Chissano and French Cooperation Minister Charles Josselin. Joining the meeting via video conference from Washington, President Clinton pledged continuing US support for the Arusha process and urged Burundian leaders to "accept the risks of peacemaking... Do not condemn your young children to what you have known in the past. Give them a different future."

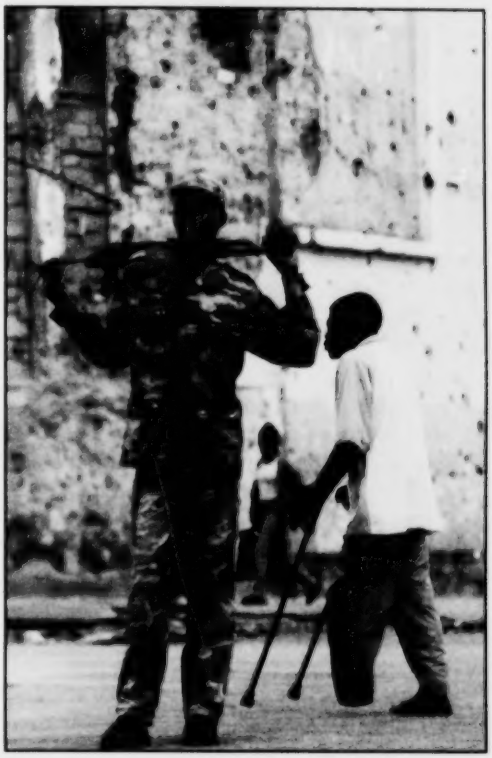
AP / Themba Hadebe

During his December 1999 trip to Africa, US Ambassador Richard Holbrooke toured a camp in Luanda for Angolans displaced by war.

Amidst the slow progress at the Arusha talks, UN and non-governmental aid agencies welcomed the Burundian government's announcement that some of the "regroupment camps" would be dismantled. Another encouraging development occurred when rebel leaders agreed to join the talks. Controversy erupted, however, over Mr. Mandela's acceptance in principle of majority rule as the basis for power sharing between Burundi's Hutu majority and the minority Tutsi who dominate the government. Some Tutsi parties threatened to walk out of the talks, arguing that majority rule posed grave security risks to their supporters.

Refugee crisis

Ms. Sadako Ogata, the UN High Commissioner for Refugees (UNHCR) was the featured speaker at a 13 January Security Council session on refugees. She began by noting that a majority of Africans have begun the millennium "struggling to survive, in misery and in fear." UNHCR is responsible for the well-being of 6 million refugees, internally displaced persons and returnees in Africa, she said, calling for urgent Security Council action to end the particularly devastating conflicts in the Great Lakes, West Africa and Angola. Only by preventing or resolving conflicts and thereby halting the flow of refugees and displaced people, can Africa's humanitarian crisis be resolved, she said.



AP / Ami Cohen

A soldier and a land mine victim in Cuito, Angola.

Mrs. Ogata also noted that "donor fatigue" had greatly reduced the resources available to UNHCR. The UN consolidated appeal for $60 mn to fund humanitarian aid in the DRC for July-December 1999, for example, generated only $12 mn in pledges. Similarly, other UN agencies requested $21.4 mn for emergency assistance to the DRC but only $3.32 mn has been pledged so far.

She addressed the issue of equity in refugee assistance, arguing that a double standard towards African refugees exists among donors. "What is provided to refugees in Africa, including food and other basic survival items, is far less than in other parts of the world. This is unacceptable. I hope that the 'Month of Africa' at the Security Council will prompt the international community to address — seriously — this grave imbalance in material resources."

New beginning?

In his final address as Security Council president on 31 January, Mr. Holbrooke said that one objective of the "Month of Africa" was "to refute the belief that the international community has one set of rules for Europe or Asia and another for Africa....I think that so far, we can say we have succeeded."

Namibian Foreign Minister and General Assembly President Theo-Ben Gurirab took a longer view of Africa's relationship with the Security Council. He welcomed the attention given Africa but told *Africa Recovery* that recent actions do not disprove African allegations of a double standard. He hoped instead that the "Month of Africa" signals the end of that double standard.

"If this is going to be a new beginning for the Security Council to give Africa the same attention it gives other regions, then we very much welcome it." For Mr. Gurirab, the Security Council's seriousness about Africa will be demonstrated not by headlines and special months but by consistent, appropriate and timely action to maintain peace and security on the continent, "and on that one the jury is still out." ■

Global partnership against AIDS in Africa

UN leads the way with governments, civil society and private sector

By **Michael Fleshman**

In urgent response to a deepening crisis, the UN has launched an International Partnership Against AIDS in Africa. The Partnership is bringing together the key stakeholders — African governments and civil society, creditor governments, non-governmental organizations (NGOs) and philanthropists, multilateral institutions, the medical and scientific communities and the private sector — to mount an intensified and sustained attack on the disease and mobilize the human and material resources necessary. The initiative was developed by the Joint UN Programme on HIV/AIDS (UNAIDS), which includes the UN Development Programme, (UNDP), the UN Children's Fund (UNICEF), the UN Educational, Scientific and Cultural Organization (UNESCO), the UN International Drug Control Programme (UNDCP), UN Population Fund (UNFPA), the World Health Organization and the World Bank.

To date, almost 14 million people in sub-Saharan African have died from the disease, with a staggering 23 million Africans — 70 per cent of the world total — currently infected. In some East and Southern African countries as many as one in four people tests positive for the virus. Current funding for HIV/AIDS programmes in Africa is about $160 mn per year — a far cry from the $1.5-$3 bn UNAIDS estimates is needed annually. The epidemic is so severe that it was the subject of an unprecedented 10 January Security Council briefing chaired by US Vice-President Al Gore.

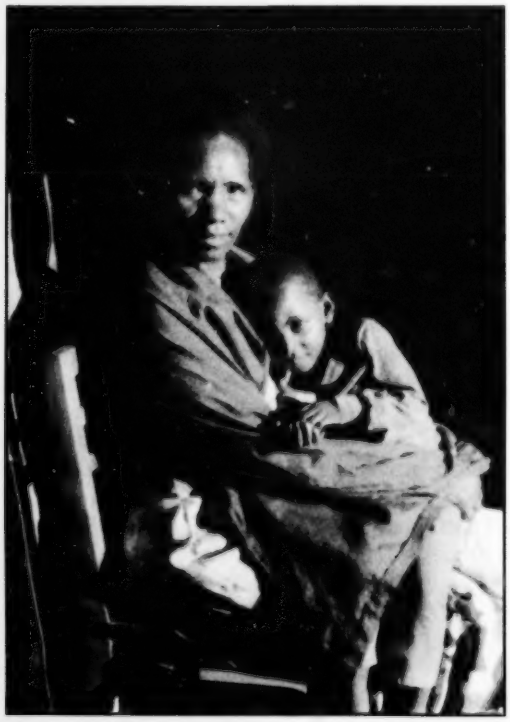
To date, almost 14 million people in sub-Saharan African have died from the disease, with a staggering 23 million Africans — 70 per cent of the world total — currently infected.

UN efforts got a major boost in early April with a $57 mn grant from the Bill and Melinda Gates Foundation to the UNFPA. The funds will be used to expand national AIDS prevention and educational programmes in Botswana, Ghana, Tanzania and Uganda. The programmes will be designed and implemented by both public and private institutions in the four countries in partnership with UNFPA and two US-based NGOs — the Programme for Appropriate Technology in Health (PATH), and Pathfinder International.

UNFPA Executive Director Nafis Sadik described the Gates Foundation grant as the largest single private donation ever made for AIDS programmes. Individual country grants range from $7.9 mn for Botswana to $16.5 mn for Tanzania, with $3 mn budgeted for regional coordination, technical assistance, policy advocacy and monitoring. The programme targets youth and young adults aged 15-24 — the group with the highest rate of new infection — and emphasizes education and prevention, including the use of male and female condoms and changes in cultural mores and personal behaviour that tend to increase the risk of infection.

UN Secretary-General Kofi Annan applauded the Gates Foundation grant, predicting that the funds "will save the lives of hundreds of thousands of young men and women in Africa," and serve as a "gentle nudge" to the international community to step up support for AIDS education, prevention and treatment efforts.

The grant is a sign of increased private sector and foundation participation in the UN effort. In February the UNDP received a $500,000 grant from the M-A-C AIDS Fund to fund AIDS awareness programmes in Africa. Fund president John Dempsey told UNDP Administrator Mark Malloch Brown that the M-A-C Fund, associated with the Estee Lauder cosmetics company, was committed "to work with UNDP to break the silence that still surrounds the HIV/AIDS epidemic in Africa." In March, the UN Foundation, which disburses funds donated to the UN by media entrepreneur Ted Turner, approved $6 mn in grants to UNAIDS and UNDP for HIV/AIDS programmes in Mozambique and Zimbabwe.



UNICEF / Howard Davies

A Rwandan child orphaned by AIDS with his grandmother.

Public-private partnership

Last December, Mr. Annan opened a two-day meeting of the International Partnership in New York that included representatives of many African and donor governments, African and European NGOs, senior UN officials and philanthropists. The pharmaceutical industry was also well represented, with executives from Glaxo Wellcome, Merck and Co., Bristol-Myers Squibb and the Geneva-based International Federation of Pharmaceutical Manufacturers Associations.

The Secretary-General's message was one of urgency: "The world faces a humanitarian emergency in Africa beyond the imagination of those who do not live there." In East and Southern Africa, he noted, "a whole generation of children is now losing its parents to AIDS... It is devastating the economies of their countries. It is taking away both breadwinners and those who look after the young, the old and the infirm. It is destroying the very fabric of society."

He cited Uganda's success in stabilizing infection rates through a massive public education and prevention campaign as one of many examples of how, "In many cases Africa itself is leading the counter-attack." The private sector has a vital role to play in supporting African

efforts, he said, by educating employees, underwriting community education and prevention programmes and addressing the urgent need for affordable medicines and further research.

The largest private sector initiative against AIDS in Africa is the five-year, $100 mn Secure the Future programme launched by the Bristol-Myers Squibb company last year. The project operates in Botswana, Lesotho, Namibia, South Africa and Swaziland in partnership with UNAIDS, the host governments and the medical and NGO communities. With a focus on women and children, Secure the Future combines funding for community education and prevention with training for health care professionals and medical research.

In Swaziland, Secure the Future is providing $660,000 over three years to train the country's 2,500 Community Health and Social Welfare Development Monitors to teach AIDS awareness and prevention and provide care to the afflicted. A Catholic medical society, the Cabrini Mission Foundation, has joined the Secure the Future effort, contributing an additional $200,000 to the project.

In Botswana, Secure the Future underwrote the opening of the country's first HIV/AIDS research facility in Gaborone on 15 February. The laboratory will be jointly operated by the Ministry of Health and the Harvard University AIDS Institute and will study the particular viral strain, HIV-1C, which is most common in Africa. Bristol Myers Squibb has committed over $18 mn to the research facility, including $13.3 mn for drugs used by HIV-positive people enrolled in research studies. An additional $432,000 has been provided for community outreach and prevention programmes.

In Bujumbura, Burundi, this primary school girl's T-shirt reads: "We are taught and we teach AIDS prevention."

Deadlier than war

The Secure the Future programme has drawn criticism over the issue of access to vital drugs. According to Mr. Eric Sawyer, of the AIDS Coalition to Unleash Power (ACT UP), a leading US AIDS advocacy and protest organization, "We call it 'Secure the Profits,' because the project fails to address the high cost of life-saving drugs." Much of the Secure the Future funding, he said, goes into the purchase of drugs used by HIV-positive participants in the medical research programmes. These medicines are only available to individuals enrolled in the tests and is money the company would spend anyway for research and development. "Bristol Myers is just conducting field trials in Southern Africa and calling it charity," he told *Africa Recovery*.

The pharmaceutical industry has been under sharp attack from African, US and European NGOs and some African governments for opposing efforts to reduce the cost of HIV/AIDS medicine. The need is staggering. UNAIDS estimates that 3.8 million Africans contracted HIV/AIDS in 1999, with new infections increasing at a rate of 10 per minute. Some 13.7 million Africans have died of AIDS since its diagnosis in the early 1980s — 80 per cent of the fatalities worldwide. They have left behind over 10 million orphans, who enter health and educational systems further weakened by the loss of trained staff to the disease. In Zambia, four teachers die every day because of AIDS — among the 5,500 daily AIDS deaths in Africa. Life expectancy in Southern Africa reached 59 years in the early 1990s but is expected to fall to 45 years by 2010. UNAIDS notes that since the early 1980s, AIDS has killed 10 times as many Africans as have the continent's conflicts.

The drugs that have reduced AIDS mortality rates in industrialized countries are far beyond the means of most African sufferers. Without them, virtually all HIV-positive people will die, as will the millions who contract the disease in the years ahead. In January, Ugandan health minister Cryspus Kiyonga told the UN Security Council that treating his country's 2 million HIV-positive citizens would cost over $24 bn a year — 12 times Uganda's annual budget.

Mr. Malloch Brown told the Security Council that "While the emphasis must be on prevention we cannot ignore treatment, despite its costs...We cannot lapse into a global two-tier treatment regime: drugs for the rich; no hope for the poor....We must work with the cooperation of the pharmaceutical industry to bring down treatment costs."

The major drug companies, however, have been notably reluctant to support efforts that reduce profitability. In 1998, the pharmaceutical industry launched an all-out effort to prevent the South African government from lowering the cost of HIV/AIDS drugs by authorizing the mandatory licensing of some of the medications and "parallel importing" others from low-cost manufacturers in India. International trade law permits countries to authorize the "emergency" manufacture of drugs without the patent owner's permission as long as the owner is paid a royalty. Parallel importing occurs when products made under license in one country are purchased by another.

Although the South African measures are legal under international trade laws, the major drug companies saw the move as a threat to their patents and their profits. The companies even enlisted the support of the US government, which brought heavy political and economic pressure on South Africa to rescind its proposed cost-reduction measures. The US eventually dropped its opposition to the South African plan and later adopted policies easing access to essential drugs around the world. A lawsuit filed by the pharmaceutical industry against the South African government has been "suspended" but not withdrawn, pending clarification of the final details of the South African measures.

To defeat AIDS, says Mr. Annan, business and government must become partners: "AIDS is far more than a medical problem. AIDS is far more than a national problem. AIDS is a threat to an entire generation — indeed a threat to human civilization as a whole...Our response so far has failed Africa. From now on, let us resolve that failure is not an option." ■

AFRICA BOOKS

Wringing Success from Failure in Late-Developing Countries: Lessons from the Field by Joseph F. Stepanek (Praeger Publishers, Westport, Connecticut, US; 1999 264 pp; $59.95)

The Political Economy of Poverty, Equity, and Growth: Nigeria and Indonesia by David Bevan, Paul Collier and Jan Willem Gunning (Oxford University Press, Oxford, UK [for the World Bank, Washington, DC, US]; 1999; 432 pp; $60)

African Entrepreneurship: Theory and Reality, eds. Anita Spring and Barbara E. Mcdade (University Press of Florida, Gainesville, Florida, US; 1998; 320 pp; $49.95)

Microfinance Handbook: An Ins.itutional and Financial Perspective by Joanna Ledgerwood (World Bank, Washington, DC, US; 1998; 302 pp; $30)

Famine in Africa: Causes, Responses and Prevention by Joachim von Braun, Tesfaye Teklu and Patrick Webb (Johns Hopkins University Press, Baltimore, Maryland, US [for the International Food Policy Research Institute, Washington, DC, US]; 1999; 218 pp; $39)

Democratic Experiments in Africa: Regime Transitions in Comparative Perspective by Michael Bratton and Nicholas Van de Walle (Cambridge University Press, New York; 1997; 307 pp; hc $59.95, pb $19.95)

Multi-Party Politics in Kenya: The Kenyatta and Moi States and the Triumph of the System in the 1992 Election by David Throup and Charles Hornsby (James Currey, Oxford, UK; 660 pp; 1998; hc $59.95, pb $29.95)

The African State at a Critical Juncture: Between Disintegration and Reconfiguration, eds. Leonardo Villalón and Phillip Huxtable (Lynne Rienner Publishers, Boulder, Colorado, US; 1997; 360 pp; hc $65, pb $22)

Peacemaking and Peacekeeping for the New Century, eds. Olara Otunnu and Michael W. Doyle (Rowman & Littlefield, Lanham, Maryland, US; 1998; 352 pp; hc $65, pb $23.95)

The Foresaken People: Case Studies of the Internally Displaced, eds. Roberta Cohen and Francis M. Deng (Brookings Institution Press, Washington, DC, US; 1998; hc $52.95, pb $22.95)

Learning from Somalia: The Lessons of Armed Humanitarian Intervention, eds. Walter Clarke and Jeffrey Herbst (Westview Press, Boulder, Colorado, US; 1997; 288 pp; $75 hc, $26 pb)

Black Hawk Down: A Story of Modern War by Mark Bowden (The Atlantic Monthly Press, New York; 1999; 386 pp; $24). A detailed account of the 1993 pitched battle between US troops and Mogadishu residents, an incident which subsequently led to a sea change in the UN Security Council's readiness to deploy peace-keeping operations.

The New Africa: Dispatches from a Changing Continent by Robert M. Press, photographs by Betty Press (University Press of Florida, Gainesville, Florida, US; 1999; 358 pp; $24.95)

Into the House of the Ancestors: Inside the New Africa by Karl Maier (John Wiley, New York, US; 1998; 278 pp; $24.95)

Capacity Building in Developing Countries: Human and Environmental Dimensions, ed. Valentine Udoh James (Praeger, Westport, Connecticut, US; 1998; 344 pp; $75)

The North African Environment at Risk, eds. Will D. Swearingen and Abdellatif Bencherifa (Westview Press, Boulder, Colorado, US; 1998; 304 pp; $26)

Woman between Two Worlds: Portrait of an Ethiopian Rural Leader by Judith Olmstead (University of Illinois Press, Champaign, Illinois, US; 1997; $256 pp; hc $39.95, pb $19.95)

Women at the Crossroads: A Prostitute Community's Response to AIDS in Urban Senegal by Michelle Lewis Renaud (Gordon and Breach Publishers, Amsterdam, Netherlands; 1997; $21)

Economic Crisis and Political Change in North Africa, ed. Azzedine Layachi (Praeger Publishers, Westport, Connecticut, US; 1998; 192 pp; $55)

South Africa in Southern Africa: Reconfiguring the Region, ed. David Simon (Ohio University Press, Athens, Ohio, US; 1998; 259 pp; hc $44.95, pb $22.95)

The United States and the Horn of Africa: An Analytical Study of Pattern and Process by Okbazghi Yohannes (Westview Press, boulder, Colorado, US; 1997; 368 pp; $79)

AFRICA AGENDA

FUTURE EVENTS

26-28 April 2000, Dakar (Senegal) — World Forum on Education for All, hosted by the government of Senegal and sponsored by UNESCO, UNICEF, UNDP, UNFPA, the World Bank and donor governments. Contact UNESCO Press Office, tel (33-1) 45.68.18.51, fax 45.68.56.51, Web site <www.unesco.org>; Maris O'Rourke, World Bank, tel (1-202) 473-7096, e-mail <morourke@worldbank.org>; or Hilda Paqui, UNDP, tel (1-212) 906-5305.

16-19 May 2000, Nairobi (Kenya) — First Regional Conference on Medicinal Plants, Traditional Medicines and Local Communities in Africa. Contact Dr. Barbara Gemmill, Environment Centre International, fax (254-2) 562-175, e-mail <herren@africaonline.co.ke>; or Ernest Rukangira, tel (254-2) 562-022/576-114, fax 572-175, e-mail <erukangira@iconnect.co.ke>.

30 May-2 June, New York (US) — Preparatory Committee for the Special Session of the UN General Assembly on Follow-up to the 1990 World Summit for Children. Contact Alfred Ironside, tel. (1-212) 326-7261, fax 326-7768.

31 May-1 June 2000, Addis Ababa (Ethiopia) — Annual Meetings of the African Development Bank. Tel (225) 20.44.44, fax 20.40.06, e-mail <afdb@afdb.org>.

5-9 June, New York (US) — UN General Assembly Special Session on follow-up to the Fourth World Conference on Women. Tel (1-212) 963-3062, fax 963-1186, e-mail <vasic@un.org>.

26-30 June, Geneva (Switzerland) — UN General Assembly Special Session on follow-up to the 1995 World Summit for Social Development. Tel (1-212) 963-2080 or 963-3771, fax 963-3062 or 963-1186, e-mail <vasic@un.org>.

9-14 July, Durban (South Africa) — The XIII International AIDS Conference, organized by the Joint UN Programme on HIV/AIDS (UNAIDS), the Global Network of People Living with HIV/AIDS, the International AIDS Society and others. Tel (27-31) 301-0400, fax 301-0191, e-mail <aids2000@aids2000.com>, Web site <www.aids2000.com>.

18-19 July, Lomé (Togo) — Regional training seminar for women entrepreneurs in information technology, organized by the UN Economic Commission for Africa. Contact Peter Da Costa, tel (251-1) 51.58.26, e-mail <dacosta@igc.apc.org>.

September, New York (US) — United Nations Millennium Summit of Heads of State and Government

10-12 September, Addis Ababa (Ethiopia) — Eighth session of the Conference of African Ministers of Finance. Contact Peter Da Costa of the ECA, tel (251-1) 51.58.26, e-mail <dacosta@igc.apc.org>.

8-17 October, Antananarivo and Tamatave (Madagascar) — Facing the New Millennium: Gender in Africa and the African Diaspora — Retrospection and Prospects. Contact Obioma Nnaemeka of Indiana University, tel (1-317) 278-2038, 274-7611 or 274-0062; fax 274-2347; e-mail <nnaemeka@iupui.edu>; web site <www.iupui.edu/~aaws/>.

22-26 October, Addis Ababa (Ethiopia) — "AIDS: The Greatest Leadership Challenge" is the theme of the **2nd African Development Forum,** organized by ECA, UNAIDS and the World Bank. Contact <dacosta@igc.apc.org>

WHAT HAS TAKEN PLACE

11-17 April, Washington, DC (US) — World Bank/IMF Spring Meetings. Contact Graham Newman, tel (1-212) 623-7063, fax 623-6772, e-mail <gnewman@imf.org>; or Caroline Anstey, tel (1-202) 473-1800, fax 522-2632.

10-14 April, Havana (Cuba) — The first South Summit, a gathering of heads of state and government from the developing countries' Group of 77. Tel (1-212) 963-3816/0192, fax 963-3515/0050, e-mail <g77_office@together.org>.

23-24 February, Washington, DC (US) — IMF conference on Capital Flow and Debt Statistics. Tel (1-202) 623-7059, fax 623-6772.

22-24 February, Addis Ababa (Ethiopia) — Regional conference on brain drain and capacity building in Africa, organized by the UN Economic Commission for Africa. Contact Peter Da Costa, tel (251-1) 51.58.26, e-mail <dacosta@igc.apc.org>.

15-18 February, Harare (Zimbabwe) — African Forum on the Role of Traditional Medicine in Health Systems organized by the World Health Organization. Contact Dr. O.M.J. Kasilo, tel (1-407) 733-9354 or (263-4) 703-580/703-684, ext. 3541, e-mail <kasiloo@whoafr.org>.

AFRICA IN BRIEF

Leaders in Libreville pledge to fight poverty

At a summit meeting held in January in Libreville, Gabon, 21 African heads of state pledged to halve poverty by 2015, reduce unnecessary spending and improve education, health and basic infrastructure. They promised to step up the fight against AIDS and renewed their appeal for the cancellation of Africa's debts. Participants included then Managing Director of the International Monetary Fund (IMF), Mr. Michel Camdessus, and African Development Bank President Omar Kabbaj. The leaders adopted the Libreville Document, which endorsed the IMF and World Bank's concessional lending policies. Mr. Camdessus said the Declaration would serve as "the bible for action for the IMF and the World Bank in the years to come." ■

Africa's commodity prices remain low

In the last quarter of 1999, world commodity prices began to recover from the record lows of the last two years, rising by 3.4 per cent. However, overall prices of sub-Saharan Africa's non-energy commodities fell by 3 per cent, said the World Bank's January *Global Commodity Markets* report. Cotton and cocoa fell 11 and 9.8 per cent respectively in the last quarter of 1999. Although cotton prices were up in January and February 2000, the price of cocoa continued to fall. This year's average price for cocoa may be close to the 1999 average of about $1.12 per kilogramme.

The good news for some of Africa's producers was the increase in price for sugar (8.3 per cent), aluminum (4.0 per cent) and copper (3.5 per cent). But, after posting fourth-quarter gains, the price of robusta coffee fell to a six-year low in January. By the end of February, the price had dropped to 46.8 cents per pound from an average of 63.3 cents per pound in the fourth quarter of 1999, according to the International Monetary Fund. The Association of Coffee Producing Countries is reportedly considering a retention scheme to boost prices. ■

President Clinton opens National Summit on Africa

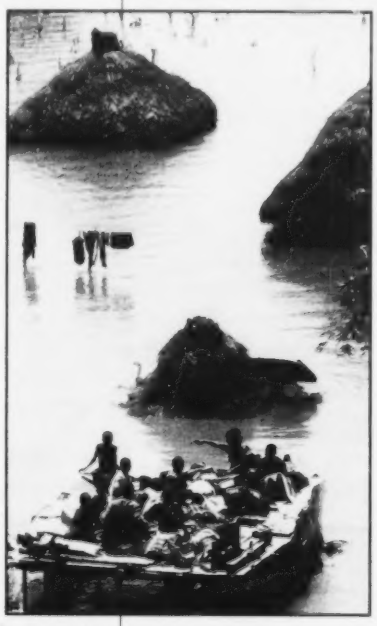
Declaring that "Africa does matter to the United States," President Bill Clinton opened the four-day National Summit on Africa in Washington on 17 February. The non-governmental conference brought together business, religious, political, civil and human rights leaders to consider ways to strengthen US-Africa economic, political and cultural ties. Kenyan President Daniel arap Moi and Organization of African Unity Secretary-General Salim Salim also attended.

Policy recommendations adopted by delegates included accelerated debt relief, stronger support for African peacekeeping efforts and full payment of US arrears to the UN. Delegates called for a massive US economic development programme for Africa modeled on the Marshall Plan. Participants urged increased funding for HIV/AIDS education and treatment programmes and US accession to the global treaty banning land mines. ■

Floods devastate south-eastern Africa

The heavy rains began in January. In February, cyclone Eline swept across Madagascar and south-eastern Africa, bringing the worst flooding in decades. Then came cyclone Gloria. By mid-March, they had left at least 800 people dead and disrupted the lives of over 2.5 million people in Botswana, Namibia, Madagascar, Malawi, Mozambique, South Africa, Swaziland, Zambia and Zimbabwe. As a result, the region's development will be hindered for years to come.

Mozambique was hit the hardest. Almost one million of its 17 million people lost their homes and some 500,000 Mozambicans will need food aid for six months in a country that had been self-sufficient in food production since 1997. Losses in crops, property, bridges, long stretches of major roads and other infrastructure were put in billions of dollars. The flooding also displaced many of the country's one to two million landmines, turning areas that had been considered safe into potential minefields.



AFP / Corbis

Villagers in Mundial, Mozambique, awaited rescue after the Limpopo River burst its banks.

Countries struggling with their own crises came to Mozambique's aid, donating hundreds of tons of food and millions of dollars worth of medicine. South Africa led Africa's rescue and relief efforts, using seven helicopters to rescue 13,000 people and delivering over 600 tons of food. Malawi, one of the region's poorest countries, donated 50 tons of maize and sent two helicopters to rescue over a thousand flood victims.

Western donors were accused of ignoring the crisis in Mozambique until television crews beamed images of flood victims stranded in trees. "The response [of Western donors] was far too slow," said Malawi's President Bakili Muluzi at an emergency meeting of the 14-member Southern African Development Community (SADC) in March. UN Secretary-General Kofi Annan concurred, but called the donor countries' subsequent response to the disaster "very generous," with more than $107 mn pledged to Mozambique by early March.

Flood damage to crops and infrastructure caused at least 100 deaths and affected some 250,000 people in Zimbabwe. About 200,000 people in Madagascar will depend on food aid for months and in north-eastern Botswana, over 70,000 people lost their homes. In South Africa's Northern Province, scores of people drowned and tens of thousands were left homeless, as were some 1,500 people in Malawi.

By mid-March, Madagascar, Zimbabwe and Botswana had received contributions of about $900,000, $700,000 and $300,000 respectively. Far more is required, however. Zimbabwe said in mid-March that it needed $22 mn in immediate humanitarian assistance and to rebuild destroyed infrastructure. Mozambique put its reconstruction costs at some $250 mn. SADC leaders called on major creditor countries to cancel Mozambique's $8 bn debt. Instead, the Paris Club of bilateral creditors and the World Bank announced the suspension — but not the cancellation — of debt-service payments falling due this year.

AFRICA WATCH

DROUGHT

Famine looms again in the Horn of Africa

Famine threatens to engulf over 12 million people in the Greater Horn of Africa in the May-July 2000 period unless nearly a million tonnes of food supplies are rapidly mobilized and sent to the region, according to UN and non-governmental agencies. Ethiopia alone needs about 800,000 tonnes of food for 7.8 million people. They said major rains had failed for the past three years, particularly in south-eastern Ethiopia and drought conditions were moving north. Other countries hit by drought — in some cases, compounded by armed conflict — are Kenya, where 2.7 million people are at risk, Djibouti, Eritrea, Somalia, Sudan and Uganda. The World Food Programme (WFP) aims to distribute 371,000 tonnes of food to 6.1 million people, but puts total needs at around 940,000 tonnes.

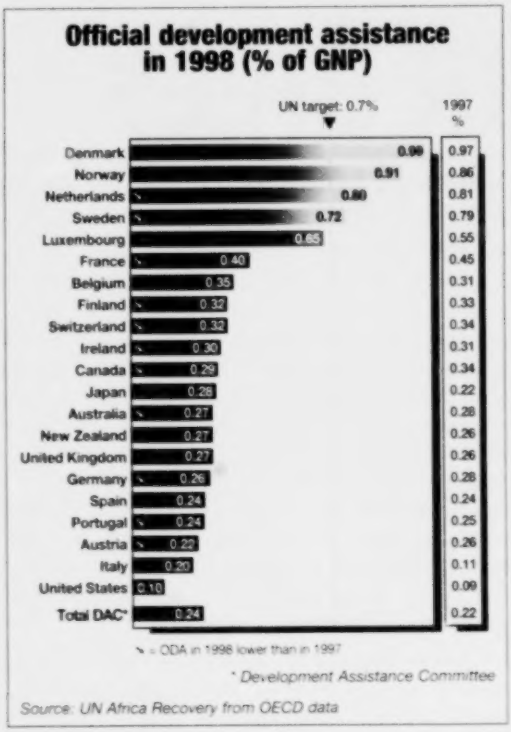
UN Secretary-General Kofi Annan has appointed WFP Executive Director Catherine Bertini as his Special Envoy to spearhead efforts to avert a famine. She was scheduled to travel to the region in April with journalists and representatives of other UN agencies to raise public awareness of the famine threat and seek commitments from governments and other belligerent parties to provide safe access to affected populations for humanitarian agencies. ■

FINANCIAL FLOWS

Fifth year of falling aid to sub-Saharan Africa

Net official development assistance (ODA) to sub-Saharan Africa fell in 1998, even as global ODA rose by almost 10 per cent, according to the Organization for Economic Cooperation and Development (OECD). It said ODA to sub-Saharan Africa has fallen in each of the last five years, from $18.8 bn in 1994 to $13.5 bn in 1998 (see page 7).

Global ODA ended a five-year decline, rising from $48.3 bn in 1997 to $51.9 bn in 1998. ODA to South and Central Asia and to Far East Asia in 1998 increased by $651 mn and $1.4 bn respectively. ■



US CONGRESS

Commission urges change at IMF and World Bank

The International Monetary Fund (IMF) and the World Bank have failed to ensure financial stability and combat world poverty, a US Congressional commission declared in early March. It said the Bank should be renamed the World Development Agency, it should use grants more than loans and should stop lending to countries with annual per capita incomes above $4,000. The IMF should in turn stop lending to the poorest countries and become a lender of last resort at punitive interest rates to only a handful of countries. The Bank, Fund and major bilateral creditors should cancel all debts of the most heavily indebted poor countries (HIPCs) that implement effective social and economic policies, the report added.

However, countered US Treasury Secretary Lawrence Summers, the report's most radical recommendations would "straitjacket" the Bank and Fund such that they "would no longer be able to advance America's core values and [political and economic] interests around the world." He told the US House of Representatives' Banking Committee in mid-March that the Bank and Fund are helping countries towards democracy and economic "success." Mr. Summers says the IMF should concentrate on emergency loans but should retain long-term lending to the least developed countries.

Among other proposals, the report recommended the elimination of the World Bank's Multilateral Investment Guarantee Agency and its International Finance Corporation, which makes loans to private sector firms in developing countries. It said the IMF's short-term crisis management is "too costly, its responses too slow, its advice often incorrect and its efforts to influence policy and practice too intrusive." Four of 11 members of the Meltzer commission — named after its head, US political economy professor Allan Meltzer — refused to sign the report. ■

APPOINTMENTS

Mr. Horst Köhler *(Germany) has been selected by the Executive Board of the International Monetary Fund as the IMF's new Managing Director. A former Deputy Finance Minister, Mr. Köhler at the time of his selection was President of the European Bank for Reconstruction and Development.*

Ms. Yvette Stevens *(Sierra Leone) is the new head of OSCAL (Office of the Special Coordinator for Africa and Least Developed Countries) in the UN Department of Economic and Social Affairs. Before taking up this responsibility, Ms. Stevens was Representative of the UN High Commissioner for Refugees to Kenya and Somalia.*

Mr. Berhanu Dinka *(Ethiopia) has been appointed by Secretary-General Kofi Annan as his Special Representative for the Great Lakes Region. Mr. Dinka was formerly the Secretary-General's Representative and Humanitarian Adviser for the Great Lakes Region, and earlier his Special Envoy for Sierra Leone.*

The Secretary-General has also appointed Nigeria's former Permanent Representative to the UN, ***Ambassador Ibrahim Gambari,*** *as his Special Adviser on Africa, focusing on Angola, Southern Africa and Central Africa, including the Great Lakes region.*